# CONTENTS



The official financial statements of all the companies belonging to the Tapiola Insurance Group are available at the head office, Revontulentie 7, Espoo.
The annual report may be ordered from the information department by phone +358 9 4531, by fax +358 9 453 2920 or by e-mail camilla.zewi@tapiola.fi

**Co-operation partner**

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Euroopan kulttuurikaupunki
Europas kulturstad
European City of Culture

The illustration is based on the Helsinki-2000 European City of Culture concept.
Tapiola is a co-operation partner and the insurer of the project.

# Tapiola is owned by its customers

***Tapiola is a group of mutual insurance companies owned by its customers. The profits of the Tapiola Insurance Group are mainly used for policyholder bonuses, premium discounts and solvency accumulation. In a mutual life insurance company, funds that increase the company's solvency are accumulated entirely for the benefit of the policyholders, since they are the owners of the company.***

### TAPIOLA'S VALUES

Tapiola's business idea is to promote the economic welfare of its policyholding owners. This business idea is supported by Tapiola's values: policyholder benefit, entrepreneurship and ethical operation. In a company owned by its customers it is natural to operate in an entrepreneurial manner and in accordance with ethical principles.

The concept of policyholder benefit encompasses both mutuality and added value for the customers.

Entrepreneurship requires Tapiola's employees, both individually and collectively, to strive for good results by operating vigilantly, responsibly and with initiative in changing conditions, while preserving their professionalism, quality consciousness and cost effectiveness.

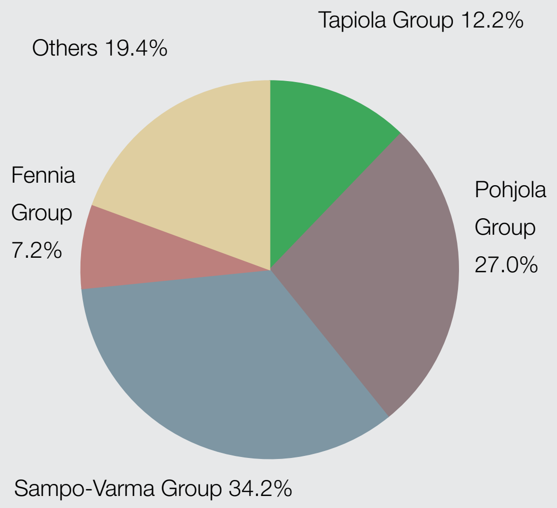
In addition to compliance with laws, regulations and agreements, operating in accordance with ethical principles involves openness, dependability and fairness, and requires that all of the company's employees treat customers, colleagues and other interest groups as they themselves would hope to be treated. Emphasising ethical values in the company's operations means caring, accepting responsibility and respecting people.

### COMPANIES OF THE TAPIOLA INSURANCE GROUP

The Tapiola Insurance Group is made up of companies engaged in non-life insurance, life insurance and pension insurance. It was established on 18.6.1982, when the supervisory boards of its predecessor companies decided on a merger. The Tapiola Insurance Group has been operating since 1984.

### Markets shares of direct insurance 1999

Gross premiums written by all company groups
FIM 62 billion




The third largest insurance group in Finland, Tapiola comprises four insurance companies: Tapiola General Mutual Insurance Company or Tapiola General, Tapiola Mutual Pension Insurance Company or Tapiola Pension, Tapiola Mutual Life Assurance Company or Tapiola Life, and Tapiola Corporate Life Insurance Company Ltd.

### TAPIOLA GENERAL

Tapiola General Mutual Insurance Company's field of business includes all voluntary and statutory forms of non-life insurance.

Tapiola General's result for 1999 was good. Market share and premiums written both rose exceptionally well. Net investment income was good and the company strengthened its solvency.

# Key figures

## Combined figures for the groups of Tapiola companies

| | 1999 FIM Mio | 1998 FIM Mio | Change% |
|---|---|---|---|
| Turnover | 10 639 | 9 629 | 10.5 |
| Gross premiums written | 7 706 | 6 793 | 13.4 |
| Claims expenditure | 6 834 | 5 949 | 14.9 |
| Operating costs | 639 | 571 | 12.0 |
| Investments, book value | 36 253 | 32 782 | 10.6 |
| Investments, current value | 42 700 | 37 717 | 13.2 |
| Equity | 794 | 589 | 34.7 |
| Reserves | 137 | 161 | -14.8 |
| Technical provisions | 37 004 | 33 739 | 9.7 |
| Balance sheet total | 39 096 | 35 553 | 10.0 |

### TAPIOLA PENSION

Tapiola Mutual Pension Insurance Company's field of business includes statutory employees' and self-employed persons' pension insurances.

The result for Tapiola Pension in 1999 was good. Market share and solvency both improved.

### TAPIOLA LIFE AND TAPIOLA CORPORATE LIFE

Tapiola's life insurance companies are engaged in individual pension insurance, group pension insurance, individual life insurance, optional group life insurance and capitalisation agreements.

The 1999 result for Tapiola Life was good and that of its group company Tapiola Corporate Life was very satisfactory. Tapiola Life's premiums written rose and the solvency was strengthened but the market share fell.

### TAPIOLA'S PARTNERS

Tapiola co-operates with Turva Mutual Insurance Company. According to the agreement between the companies, Turva sells Tapiola's employment pension insurances and voluntary life and pension insurances in addition to its own non-life insurances.

Tapiola has a partner in each of the Scandinavian countries. Tapiola engages in project-based and information exchange collaboration with Länsförsäkringar of Sweden, Gjensidige NOR of Norway and Almindelige Brand and Østifterne of Denmark.

The most important of Tapiola's other international partners are the Swiss company Winterthur and the Italian company Generali, two of Europe's biggest insurance companies as well as All Net Employee Benefits Network belonging to the German group Allianz. Tapiola's partners in the Baltic states are Salva and Alte Leipziger, and in Russia our main partner is Ingosstrakh.

REVIEW BY THE PRESIDENT

# SIGNIFICANT EXPANSION OF TAPIOLA'S CUSTOMER BASE

Tapiola enjoyed another successful year in 1999. Significant expansion of the customer base and the intensification of business growth were particularly gratifying. The number of customers grew by 10,000 and the number of insurance policies rose by 125,000. Our market share grew by as much as one percentage point in non-life insurance and by 0.7 of a percentage point in employment pension insurance. Increases of such magnitude are rare in the insurance industry. There was a 13 per cent rise in premiums written for life insurance. The Tapiola Insurance Group has been particularly active in the development of life insurance and long-term saving products, and the fruits of this work will be enjoyed in future years. Profitable growth has long been a cornerstone of Tapiola's strategy. Viewed over the 1990s as whole, we have been very successful in this respect, too.

The combined turnover broke through the FIM 10 billion barrier for the first time in 1999, and the combined profit of the group companies exceeded FIM 1 billion. As much as FIM 346 million was channelled back to customers in the form of benefits and discounts. The new millennium sees the companies of the Tapiola Insurance Group more solvent than ever before, which means that their risk-carrying capacity is at a good or excellent level.

Restructuring was prevalent in the financial services sector and it affected the larger companies of the insurance industry. Ownership arrangements changed the traditional competitive patterns, but still left a lot of open questions. Indeed, the solutions made have probably posed more questions than they have provided answers. The current state of affairs will continue to persist throughout 2000 and perhaps even longer.

Tapiola participated in one aspect of the restructuring negotiations by offering to co-operate with the biggest customer-owned life insurance company in Finland. The threat to the arrangement was the transfer of the customers' assets to the administrative control of another company's investor-owners. For Tapiola it was mainly a question of principle. In this connection the question of form of incorporation in the insurance industry became a very important issue.

Speculative features of the technology share markets all over the world have resulted in equity investment becoming increasingly risky and challenging for insurance companies. Led by Nokia and Sonera, the HEX general index more than doubled in a year and rose by almost 30 per cent in December alone. On the other hand, interest rates started to rise, having been at a very low level. In such circumstances the financial statements of an insurance company provides only a cross-section of the situation at one moment in time. The figures could be altogether different in a few years from now.

The Finnish economy continued to grow rapidly. According to the Ministry of Finance, gross domestic product rose by 3.5 per cent in 1999. There was a marked increase in entrepreneurial activity, and the bane of the decade, unemployment, continued to decline. This brought growth to the insurance companies as well. Small and medium-sized companies are still expected to provide the solution to the problem of persistently high unemployment. Tapiola has invested heavily in regional and corporate services, which has produced good results. Companies are an increasingly important customer group for Tapiola. They account for 77 per cent of the premiums written in the Tapiola Insurance Group. SMEs account for over 50 per cent of premiums written. Tapiola has just over 700,000 customers, of which about 650,000 private households.

For over ten years now there has been a on-going debate in Tapiola about the company's core values. The goal has been that every Tapiola employee should be clear in their own mind about what Tapiola's three core values of customer benefit, entrepreneurial spirit and ethical operation mean to him or her personally. This process has proven to be a great success. As the organisation has been guided by this value system and its closely related strategy, the working atmosphere and labour relations in Tapiola have been good. The personnel have been able to develop their skill and ability to perform the task for which the entire Tapiola Insurance Group exists: the creation of value added for its customers.

In an insurance company, solvency is one indicator of competitiveness. Solvency developed favourably in all the companies of the Tapiola Insurance Group in 1999. The development of knowledge and expertise, however, are at least as important in meeting the challenges of intensifying competition. In this respect, too, I believe that Tapiola has been very successful. We consider it important that our customers derive genuine benefit from their association with the company. To ensure this, our personnel must be knowledgeable, service-minded and fully co-operative.

As our customers have become more internationalised, we have sought to maintain the high standard of insurance services for them both in Finland and abroad. Collaboration with our Nordic partners and the internationally operating Winterthur and Generali has continued already for a decade. Business with our Nordic partners – Länsförsäkringar of Sweden, Gjensidige NOR of Norway and Alm Brand and Østifterne of Denmark – has proven to be extremely useful. Working procedures have been developed in order to promote the effectiveness and goal-orientation of this collaboration.

In Finland, our collaboration with Turva Mutual Insurance Company has continued to be successful. The co-operation agreement made in 1995 has brought synergy benefits to both parties. Sales of Tapiola's life and pension insurances through Turva's organisation can be speeded up now that the renewal of the company's IT systems and its associated insurance portfolio data entry operations have been completed, and Turva has reached the stage of steady development.

Tapiola faces great challenges in the future, but they will bring more opportunities than threats. The most important challenge is the qualitative development of our insurance and financial services expertise, for it is this that generates added value for our customers. Success in this endeavour will depend not so much on our financial base as on our ability to increase our human capital.

I would like to express my appreciation to our owner-customers for the confidence that they have shown in us, which is evident from the considerable growth in their numbers. Their confidence will inspire us to work purposefully in pursuit of their interests.

The personnel have once again achieved good results. Without their co-operation and understanding it would have been difficult to realise the success that we have enjoyed. I therefore extend heartfelt thanks to all my colleagues in the companies of the Tapiola Insurance Group.

Tapiola, 17th March 2000

Asmo Kalpala
*President and CEO*

# Tapiola's administrative bodies and their tasks

### Policyholders are the company's owners

Tapiola's administrative model is based on customer-ownership. Tapiola's owners are the policyholders and guarantee shareholders. All the guarantee shares, which in each Tapiola mutual insurance company represent less than 5% of the total number of votes, are owned by the Group's mutual companies. Similarly, all the shares of Tapiola Corporate Life Insurance Company are owned by other Tapiola companies.

The policyholders exercise their voting power at the annual general meetings. Every policyholder has at least one vote, with additional votes being conferred on the basis of insurance premiums (Tapiola General and Tapiola Pension) or life insurance savings (Tapiola Life).

The annual general meeting of each company selects the members of the supervisory board and the auditors, and decides on the adoption of the profit and loss account and balance sheet and on the granting of freedom from responsibility to the members of the administrative bodies and the managing director. The annual general meeting also decides on amendments to the articles of association, on mergers, and on complete or partial insurance portfolio transfers.

### Authority of the supervisory board is the broadest possible

The annual general meetings elect a supervisory board for each insurance company of the Group on the basis of proposals made by the policyholders and the co-operation committee of the supervisory boards. There are currently 23 members serving on the supervisory board of Tapiola General. The supervisory boards of Tapiola Life and Tapiola Corporate Life each have 15 members, and the supervisory board of Tapiola Pension 28 members. When electing members to the supervisory boards, the aim is that the compositions of the boards should correspond to the structure of each company's customer base, reflecting both customer segmentation and the regional breakdown of premiums written. The principles of impartiality are also observed. According to the Employment Pension Insurance Act, at least half of the members serving on Tapiola Pension's supervisory board must be elected from among the persons proposed by the central organisations representing employers and employees. The members elected from the representatives of the employers and employees must be equal in number, i.e. 7 and 7.

The tasks of the supervisory boards are:

- to supervise the administration of the company by the board of directors and managing director.
- to issue a statement to the annual general meeting on the financial statements and on the auditors' report.
- to decide on the number of members and deputy members of the board of directors.
- to appoint and dismiss the members, deputy members, chairman and deputy chairman of the board of directors, and decide on the fees payable to the members and on the reimbursement principles for travelling expenses.
- to appoint and dismiss the managing director, the managing director's deputy, the deputy managing directors and directors, and to decide on their emoluments.
- to decide on issues that concern a significant expansion or contraction of business activity or a significant change in the company's organisation.
- in the case of the supervisory board of Tapiola Pension and as an exception to the other companies, to approve on an annual basis and in accordance with the Employment Pension Insurance Act the principles on which the plan is drawn up for the investment of the company's resources.

The supervisory boards can also issue instructions to the boards of directors on matters that have far-reaching consequences or involve matters of important principle. For example, the exercise of voting power based on guarantee shares at the annual general meeting of a company belonging to the Group is regarded in Tapiola as being a case in point.

### The co-operation committee of the supervisory boards supervises the activities of the whole Tapiola Insurance Group

The chairmen and deputy chairmen of Tapiola's supervisory boards sit on the co-operation committee of the supervisory boards, concerning which there is a regulation in the articles of association of each company. The supervisory boards approve the co-operation committee's working procedures, in accordance with which the co-operation committee prepares the matters to be dealt with at supervisory board meetings and makes decision proposals to the supervisory

# CO-OPERATION COMMITTEE OF THE SUPERVISORY BOARDS

## Tapiola General

Jarno Mäki (b. 1946)
Chairman of the supervisory board of Tapiola General.

Master of Philosophy, farmer, member of the board of Riihimäen Puhelin since 1999.

Pentti Sihvola (b. 1945)
Deputy chairman of the supervisory board of Tapiola General.

Consultant (eye specialist), Licentiate of Medical Science, managing director of Kuopion Silmäasema since 1975, chairman of the board of Silmäasemat Marketing since 1991, member of the board of Suomen Hammashuolto since 1998.

## Tapiola Pension

Ilkka Brotherus (b. 1951)
Chairman. Chairman of the supervisory board of Tapiola Pension.

Master of Economic Sciences, managing director of Sinituote Oy since 1988, member of the board of YIT Corporation since 2000, member of the board of Amer Group since 2000.

Antti Oksanen (b. 1944)
Deputy chairman of the supervisory board of Tapiola Pension.
Master of Forestry, Mining Counsellor, CEO of Metsäliitto Group since 1995, managing director of Metsäliitto Osuuskunta since 1992, chairman of the board of Metsä-Serla since 1995, chairman of the board of Metsä-Botnia since 1995, chairman of the board of Finnforest since 1995, chairman of the board of Metsä Tissue since 1997, deputy chairman of the board of Metsäliitto Osuuskunta since 1995, member of the board of Myllykoski Paper since 1995, member of the board of MD Papier since 1995.

## Tapiola Life

Matti Ahde (b. 1945)
Chairman of the supervisory board of Tapiola Life.

Managing Director of Oy Veikkaus Ab since 1990, chairman of the board of Veikkaus 1990-1999; deputy chairman since 2000, member of the supervisory board of Alma Media since 1998, member of the supervisory board of Merita since 1999.

Tuula Entelä (b. 1955)
Deputy chairman of the supervisory board of Tapiola Life.

Master of Economic Sciences, Master of Laws, investment director of Sato-Yhtymä since 1997, deputy chairman of the board of Helsingin Osuuskauppa HOK since 1996, member of the board of the Association of Residential Property Owners and Developers (ASRA) since 1998.

## Tapiola Corporate Life

Kari Neilimo (b. 1944)
Deputy chairman. Chairman of the supervisory board of Tapiola Corporate Life.

Professor of Economic Sciences at the University of Tampere's School of Business Administration, Doctor of Economic Sciences, chairman of the supervisory board of SOK Corporation since 1991, chairman of the supervisory board of Pirkanmaa Co-operative Society since 1991

Pekka Räihä (b. 1944)
Deputy chairman of the supervisory board of Tapiola Corporate Life.

Master of Laws, Commercial Counsellor, member of the board of Finnish Newspapers Association since 1987, member of the board of Kainuun Sanomain Kirjapaino since 1971.

boards. Reporting to the supervisory boards, it supervises the work of the board of directors, the president and managing director, and receives the reports necessary to carry out this task. It prepares and makes decision proposals to the annual general meeting concerning the election of supervisory board members. In this matter the chairman and deputy chairman of each supervisory board do not take part in the making of the decision proposal concerning the supervisory board that they represent.

The co-operation committee of the supervisory boards is not a juridical corporate body and it therefore does not have any decision-making authority. All decisions are made in the supervisory boards. When making a decision proposal, its content is decided by the chairman and deputy chairman of the supervisory board to which it will be submitted. The co-operation committee elects its own chairman and deputy chairman from among the chairmen of the supervisory boards for a term of office of one year at a time.

### The board of directors is responsible for the administration of the company and the appropriate organisation of its activities

The supervisory boards elect the boards of directors for their respective companies. They also elect the chairman and deputy chairman of their respective boards of directors. There are currently five members and four deputy members on the board of directors of Tapiola General, six members and four deputy members on the board of directors of Tapiola Life, and five members and four deputy members on the board of directors of Tapiola Corporate Life. These boards of directors form the operative management of the companies. Tapiola's president serves as the chairman of the boards of directors. The managing director of Tapiola General serves as the deputy chairman on these boards of directors.

The board of directors of Tapiola Pension has twelve members and four deputy members. According to the Employment Pension Insurance Act, at least a half of the members of the board of directors must be elected from among the persons proposed by the central organisations representing employers and employees. The members and deputy members elected from the representatives of the employers and employees must be equal in number, i.e. 3 and 3, and 1 and 1, respectively. The president of Tapiola serves as the chairman of the board of directors and the managing director of Tapiola General serves as the deputy chairman. In addition to these, the board of directors also includes representatives of the customer-owners and the managing director of the partner company, Turva Mutual Insurance Company.

The board of directors is responsible for the administration of the company and the appropriate organisation of its activities. The board of directors also ensures that the supervision of bookkeeping and financial management is appropriately organised. The board of directors approves the company's strategic plan and operating principles, the annual action plan and the budget, and supervises their implementation. The board of directors approves the company's maximum insurance liability without reinsurance, and approves the policy for seeking reinsurance cover. The board of directors also approves the investment plan and risk policy. Emphasis is placed on investment matters and risk management in the work of the insurance company's board of directors.

### Managing director handles the company's business according to instructions and regulations issued by the board of directors

The supervisory boards have selected a different person to act as the managing director of each insurance company with the exception of Tapiola Corporate Life, in which case the managing director of the parent company, Tapiola Life, acts as the managing director. According to the Insurance Companies Act, the managing director of an insurance company, like the members of the board of directors, must possess sufficient knowledge of the insurance business, given the nature and scope of the company's insurance activities. The managing director of an employment pension insurance company is required to have sufficient knowledge of employment pension insurance, investment and business management.

### Advisory committees represent the customer-owners

In addition to the supervisory boards, Tapiola's customers are also represented in Tapiola's activities through the advisory committee system. Tapiola has 19 regional advisory committees, each of which consists of 12-15 members, as well as an advisory committee for the SME sector and an advisory committee for agriculture and forestry, each of which has 12 members. These committees act as an additional channel of interaction between the company and its customers.

# Tapiola General Mutual Insurance company


## Annual report 1999

TAPIOLA

Review by the managing director

# Marked increase in Tapiola General's market share

***The premiums written from direct business in the industry as a whole rose by 1.4 per cent in 1999. This apparently modest growth is explained by the fact that the industry's gross premiums written in the previous year included a non-recurrent item of about FIM 700 million, which was collected to strengthen the provision for outstanding accident insurance claims.***

The 9.1 per cent rise in Tapiola General's direct business clearly exceeded the industry average and boosted the company's market share by one percentage point to 14.2 per cent. Tapiola General's result extended the string of good performances in recent years. The operating profit of FIM 328 million represented 11.6 per cent of turnover. The financial statements for 1999 included non-recurrent items which were caused by changes to the calculation principles of the technical interest rate and technical provisions and by provision for year 2000 risks. Without these measures to strengthen the company's risk-carrying capacity, the result would have been FIM 194 million higher.

The company has been faithful to its basic policy of furthering the interests of its owner-customers. The owner-customer programme, new products, network co-operation with a leading Finnish retailing co-operative (S Group) and added emphasis in quality have all strengthened customer loyalty and attracted new customers.

More attention than in the past has been paid to personnel development. Workstation working as well as service and sales channels have been developed to improve customer service. To some extent this is reflected in the company's increased expense ratio.

Tapiola General has succeeded well in the private household and corporate insurance markets. On the household side, especially comprehensive and third party liability motor insurances and comprehensive home and summer house insurances have grown well. On the corporate side, the growth in statutory accident insurance has significantly increased the company's market share in this class. All of these insurance classes and their administration have been the subjects of systematic development work.

In particular, the growth of the company's customer base made 1999 a very successful year for Tapiola General. The concept of mutuality and its associated customer benefits has proved to be a very effective mode of operation for Tapiola General in both the development and implementation of the company's strategy.

Foreign competition is increasing as the market becomes more international. Foreign competition for corporate insurances is still fairly modest as local advantages work in favour of domestic companies.

Tapiola is actively developing its electronic and network services in the corporate and household markets and is integrating them as an important part of its customer service.

The balanced development of service and sales channels, customer care processes, information systems, service and insurance products, and the personnel who administer all these functions are important competitive factors, on which the company's success in serving its owner-customers is based.

Pertti Heikkala
*managing director*
*Tapiola General*

# Administration and auditors

## SUPERVISORY BOARD

The term commences at the AGM

**Jarno Mäki** 1997-2000
chairman, M.A.,
farmer, Hausjärvi

**Pentti Sihvola** 1999-2002
deputy chairman,
ophthalmologist, chairman,
Kuopio

**Martti Haaman** 1997-2000
industrial councilor, Helsinki

**Kari Haavisto** 1999-2000
finance director, Helsinki

**Veikko Hannus** 1998-2001
welder, Kajaani

**Tuomo Herrala** 1998-2001
commercial councilor, Lappeenranta

**Arto Hiltunen** 1997-2000
managing director, Porvoo

**Risto Ihamuotila** 1999-2002
chancellor, Helsinki

**Heikki Ikonen** 1997-2000
municipal councilor, Nurmes

**Robert Ingman** 1999-2002
managing director, Sipoo

**Kari Jalas** 1998-2001
Dr.Pol.Sc., Helsinki

**Matti Kavetvuo** 1997-2000
mining councilor, Helsinki
resigned 1.2.2000

**Juha Kivinen** 1999-2001
deputy managing director, Espoo

**Markku Koskinen** 1997-2000
director, Kärkölä

**Raimo Leivo** 1998-2001
managing director, Tampere

**Matti Oksanen** 1999-2002
managing director, Espoo

**Markku Olkinuora** 1997-2000
managing director, Espoo

**Seppo Paatelainen** 1998-2001
managing director, Seinäjoki

**Reino Penttilä** 1997-2000
farmer, Nurmo

**Pirkko Rantanen-Kervinen** 1999-2002
managing director, Vantaa

**Teuvo Salminen** 1999-2002
deputy managing director, Sipoo

**Juhani Sormaala** 1998-2001
managing director, Helsinki

**Olli Vuorio** 1998-2001
police commissioner, Vihti

## AUDITORS

**Mauno Tervo**
B.Sc. (Econ.), C.P.A.

**SVH PricewaterhouseCoopers Oy,**
firm of certified public accountants,
responsible auditor

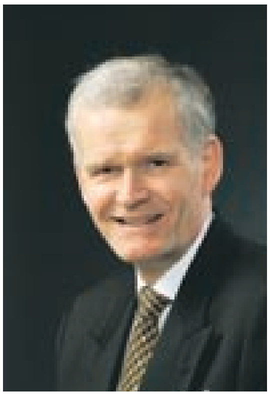
**Ulla Holmström**
B.Sc. (Econ,), C.P.A.

Deputy auditors

**Jari Miikkulainen**
M.Sc. (Econ.), C.P.A.

**Mirja Tonteri**
B.Sc. (Econ.). C.P.A.

## BOARD OF DIRECTORS



**Asmo Kalpala** (b.1950) chairman, Master of Economic Sciences. Chairman of the boards of Tapiola General, Tapiola Life and Tapiola Pension since 1987 and president since 1994; chairman of the board and president of Tapiola Corporate Life since 1994.
Chairman of the board of directors and board of management of the Federation of Finnish Insurance Companies since 2000.
Member of the board of the Insurance Employers' Association since 1988.
Member of the board of Metsä-Serla since 1990.
Deputy chairman of the board of YIT Corporation since 2000.
Deputy chairman of the supervisory board of Turva Insurance since 1995.
Member of the board of LTT-Tutkimus since 1988.
Chairman of the Finnish Motor Insurers' Bureau since 1998.
Deputy chairman of the board of Turva Insurance since 1996.

**Juhani Heiskanen** (b.1948)
Master of Arts, eMBA. Deputy managing director of Tapiola Pension, Tapiola Life and Tapiola Corporate Life since 1998 and director of Tapiola Pension since 1995.
Member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998.
Actuary and deputy member of the board of Turva Insurance since 1995.

**Pertti Heikkala** (b. 1940)
deputy chairman, Master of Economic Sciences. Managing director of Tapiola General since 1994.
Deputy chairman of the boards of Tapiola Pension and Tapiola Life since 1988; deputy chairman of the board of Tapiola Corporate Life since 1994.
Chairman of the board of the Federation of Accident Insurance Institutions since 1999.

**Pentti Koskinen** (b. 1942)
Master of Philosophy, FIA.
Actuarial director of Tapiola General, Tapiola Life and Tapiola Pension since 1992 and Tapiola Corporate Life since 1994.
Member of the boards of Tapiola General and Tapiola Corporate Life since 1994.

**Tom Liljeström**
(b. 1959)
Master of Engineering Sciences, Master of Economic Sciences.
Managing director of Tapiola Pension since 1998 and member of the board of Tapiola General and Tapiola Life since 1994.
Chairman of the supervisory board of Lännen Tehtaat since 1996.
Member of the board of Metsä-Rauma 1997-1999.

## DEPUTY MEMBERS

**Per-Olof Bergström**
(b. 1942)
Master of Engineering Sciences, Master of Economic Sciences.
Deputy managing director of Tapiola General since 1994.
Deputy member of the board of Tapiola General since 1988.
Deputy chairman of the Finnish Motor Insurers' Centre since 1999.
Chairman of the board of Suomen Vakuutusdata since 1989.
Member of the board of Suomen Vahinkotarkastus SVT since 1998.

**Antti Calonius** (b. 1950)
Master of Political Sciences.
Director of Major Clients, International operations and Brokers since 1993.
Deputy member of the boards of Tapiola General and Tapiola Life since 1993 and Tapiola Corporate Life since 1994.

Chairman of the board of Alma Insurance since 1995.
Member of the boards of the Finnish Atomic Insurance Pool, the Finnish Pool of Aviation Insurance and the Finnish General Insurance Pool since 1989.

**Jari Eklund** (b. 1963)
Master of Economic Sciences.
Investment director of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998.
Deputy member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998.
Member of the board of Suomen Hypoteekkiyhdistys since 2000.

**Markku Paakkanen**
(b. 1951)
Licentiate of Philosophy, FIA.
Economy director of Tapiola Insurance Group since 1998.
Deputy member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998.

# ANNUAL REPORT 1999

***Tapiola General had a successful year in 1999 from the standpoint of both business operations and finances. The market share of gross premiums written for direct business grew from 13.2% to 14.2 per cent, and the company's risk-carrying capacity rose to exceed 300% for the first time. The operating profit of FIM 324 million was good, and can even be regarded as excellent if the non-recurrent expense items of about FIM 194 million are taken into consideration.***

Preparatory work on the IT system changes necessitated by the turn of the millennium began in Tapiola as far back as at the end of 1996. Most of the necessary modifications were made over the following two years, and all of the work was completed by the end of 1999. A comprehensive programme of system tests and trial runs was carried out to ensure the millennium compliance of Tapiola's business operations. No problems were encountered in connection with the new millennium.

The changes required by the introduction of the euro are being planned and co-ordinated by the Euro project, which was set up for that specific purpose in 1997. The project has already designed the necessary technical solutions, clarified and scheduled the required measures and actions, and assessed the amount of work needed to modify all of the affected systems. Over the period 1998-2002, a total of 116 man-years of work will be needed to prepare the companies of the Tapiola Insurance Group for the introduction of the euro. The plans have therefore been made to ensure a smooth and flexible transition to the new currency.

## INSURANCE

**Direct insurance** The gross premiums written for direct insurance totalled FIM 1,899 million, which was 9.1% higher than the previous year's figure. The company paid direct insurance claims totalling FIM 1,263 million, which was 6.2% higher than in 1998. The loss ratio for direct insurance was 91.6%, compared with 85.8% in the previous year. However, these figures are not comparable because of changes made to the calculation principles. If the effects of these changes are eliminated, the loss ratios for 1999 and 1998 would be 80.8% and 83.9%, respectively.

Credit losses on premiums were FIM 17 million, compared with FIM 16 million in 1998.

The gross premiums written for statutory accident insurance were FIM 399 million, having been FIM 401 million in the previous year. The reduction in gross premiums written from the level of the previous year is due to the fact that the premiums written in 1998 included a FIM 91 million premium increase due to a change in the mortality and interest rate basis. The profitability of this insurance class improved significantly and was excellent. The profitability of other classes of accident insurance also rose to a very good level.

Gross premiums written for motor third party liability insurance grew by 20.6% to FIM 465 million. The profitability of the class remained at the previous year's level, since the loss ratio adjusted to eliminate the effects of changes to the calculation principles for the technical interest rate and technical provisions was 100.2%, compared with 101.3% in 1998.

The gross premiums written for comprehensive motor vehicle insurance rose by 18.4% to FIM 348 million. The profitability of the class remained at the previous year's level and was very satisfactory.

The gross premiums written for fire, property, liability and legal expenses insurances were FIM 589 million, which was 3.0% higher than in the previous year. Profitability was very satisfactory. The gross premiums written for home insurances rose by 6.6% to FIM 239 million and profitability was good. The premiums written for farm insurance rose by 7.8% to FIM 129 million. The profitability of farm insurance was also good. The premiums written for corporate and real estate insurance fell by 3.2% to FIM 220 million. Profitability improved but remained unsatisfactory. The result was adversely affected by three major claims.

**Reinsurance** The gross premiums written for assumed domestic and foreign reinsurance were FIM 131 million, and the balance on the technical account before net investment income was a deficit of FIM 1 million.

The premiums written for domestic reinsurance were almost unchanged at FIM 101 million, and the balance on the technical account for domestic reinsurance before net investment income was a deficit of FIM 4 million.

The company continued to pursue a very cautious policy in underwriting foreign reinsurance business, and the premiums written were FIM 31 million. The balance on the technical account before net investment income was a surplus of FIM 3 million.

The company incurred three major claims, as a consequence of which the reinsurers' share was FIM -22 million, compared with FIM +12 million in the previous year.

**Technical provisions** The provisions for unearned premiums and outstanding claims rose by FIM 89 million and FIM 372 million, respectively. The provision for unearned premiums was increased by the Y2K provision. In addition to the development of losses, the provision for outstanding claims was increased by an adjustment to the rules governing the calculation of the technical interest rate for statutory accident insurance and motor third party liability insurance and by a change to the calculation principles of the technical provisions. The combined effect of these changes was FIM 194 million.

## INVESTMENTS

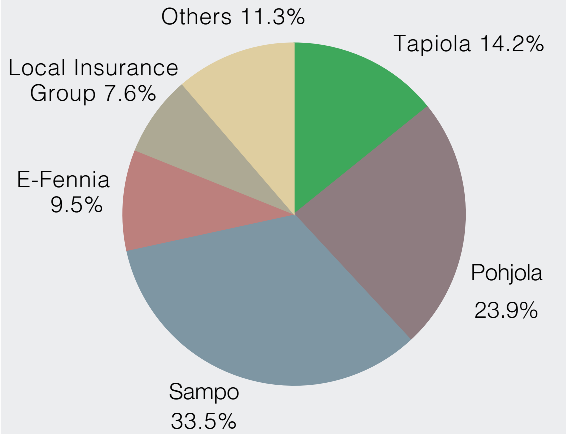
Net investment income rose by 9.5% to FIM 562 million. This total represented 30.0% of earned premiums, net of reinsurance. The corresponding percentage in 1998 was 29.0 per cent.

Dividend income rose from FIM 62 million to FIM 116 million.

Net dividend and other income was FIM 132 million, net realised gains on fixed assets FIM 308 million, and net income from investments in land and buildings FIM 49 million. The corresponding figures for the previous year were FIM 260 million, FIM 197 million and FIM 47 million, respectively.

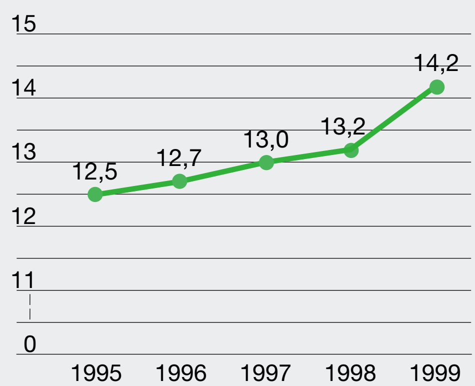
### Market shares in direct non-life insurance 1999

Gross premiums written by insurance companies and associations FIM 13.4 billion



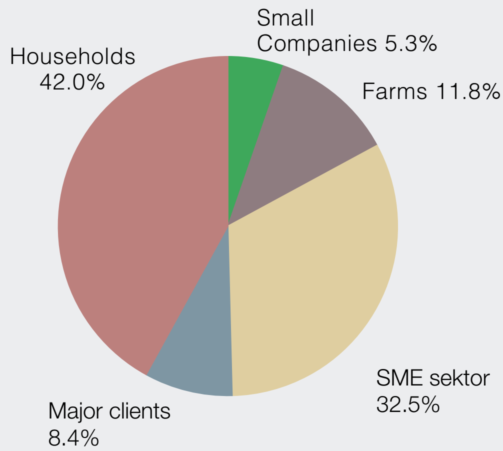

### Tapiola General

Development of market share in direct non-life insurance
Premiums written by associations included



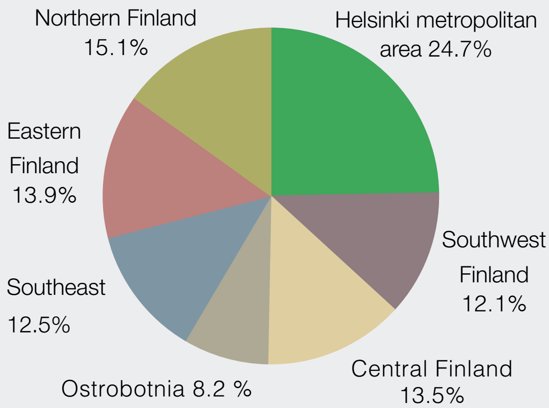

### Tapiola General

Premiums written by customer group 1999



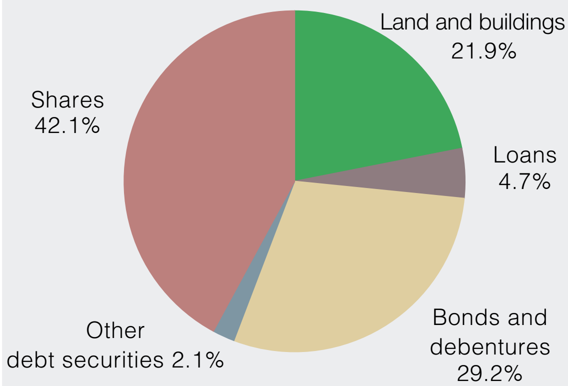
**Tapiola General**

Premiums written by geographical area 1999
Based on reported domicile of policyholders, including major clients



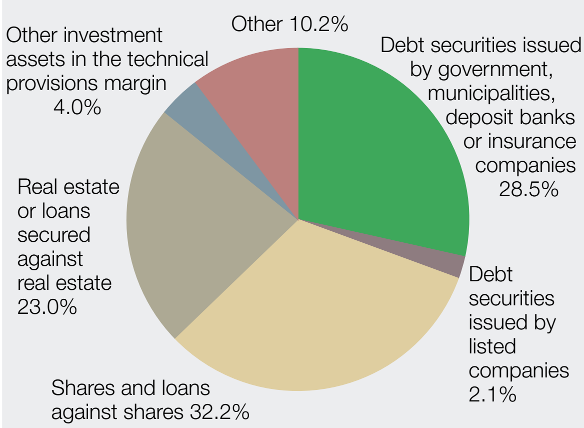

**Tapiola General**

Investment assets
Current value at 31.12.1999 FIM 9 057 Mio




**Tapiola General**

Investment risk profile 31.12.1999




*The categories are the same as in the regulations concerning the technical provisions margin.*

Writedowns totalling some FIM 95 million were made in respect of investments in shares, debt securities, and land and buildings, the corresponding figure for the previous year having been FIM 61 million. Of the total, FIM 30 million related to shares, FIM 30 million to debt securities, and FIM 34 million to land and buildings.

Cancellations of writedowns made in previous years totalled FIM 57 million, compared with FIM 14 million in 1998.

The book and current values of the company's investment assets at the end of the year were FIM 6,166 million and FIM 9,057 million, respectively.

The structure of the company's investment portfolio calculated using current values was as follows: shares 42% (32%), land and buildings 22% (26%), and debt securities 31% (37%).

## OPERATING EXPENSES AND ORGANISATION

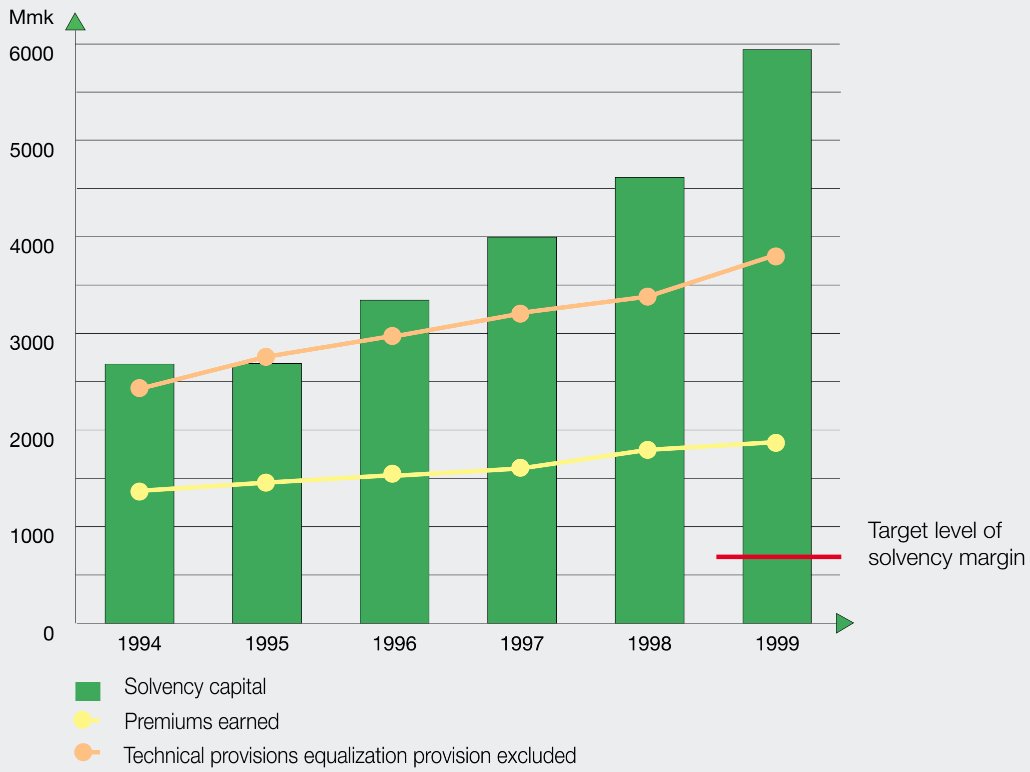
Net operating expenses as reported on the Profit and Loss Account were FIM 415 million, which was 13.5% higher than in the previous year. The ratio of operating expenses to premiums earned was 22.2 per cent, whereas the corresponding figure for the previous year was 20.7 per cent.

Gross operating expenses, which include depreciation charges of FIM 24 million, are appropriately allocated to different functions. Investment expenses include both direct and indirect expenses.

The company's staff administered all the business operations of the Tapiola Insurance Group during the review year. With the exception of the Managing Director and the Deputy Managing Director, the company's staff are employed not only by the company but also by Tapiola Mutual Life Assurance Company and Tapiola Mutual Pension Insurance Company. Operating expenses are divided up among the group companies on the basis of amount of work involved in providing them with those services.

Salaries and commissions paid to members of the Supervisory Board, the Board of Directors and the Managing Director totalled FIM 2,931,588.00. Other salaries and commissions amounted to FIM 215,276,722.37, giving a combined total of FIM 218,208,310.37.

## TAPIOLA GENERAL SOLVENCY CAPITAL




### RESULT FOR THE ACCOUNTING PERIOD

The turnover for 1999 was FIM 2,816 million and the operating profit FIM 324 million, i.e. 11.5% of turnover, compared with 16.9% in the previous year. The result was good. Gross premiums written rose by 9.0 per cent.

The balance on the technical account before the change in the equalization provision was a deficit of FIM 235 million. The effect of exchange rates on the balance on the technical account was FIM –2.4 million, and on investment income FIM +18.4 million. The net effect of exchange rates on the company's result was therefore FIM +15.9 million. The loss ratio, i.e. the ratio of earned premiums to claims incurred, was 90.2 per cent, having been 83.0% in the previous year. The combined ratio, which also takes account of operating expenses, rose from 103.7% to 112.4%. The changes made to the calculation principles of the technical interest rate and the technical provisions had the effect of increasing the loss ratio and combined ratio by 10 percentage points.

The equalization provision grew by FIM 12 million to FIM 2,192 million.

The current values of the solvency margin and solvency capital at the end of the year were FIM 3,525 million and FIM 5,717 million, respectively. The solvency capital grew by FIM 1,230 million. The risk-carrying capacity, which describes the company's solvency, was 305 per cent, compared with 254% in the previous year.

The current value of the company's assets has been assessed in the financial statements by adhering to a conservative valuation principle. The procedure is described in greater detail in the accounting principles of the financial statements.

The full amount of depreciation permitted under the Business Taxation Act, i.e. FIM 29 million, was charged according to plan.

The increase in the general guarantee item for statutory accident insurances was FIM 3.0 million.

During the accounting period, FIM 357,909.00 was paid from the contingency reserve in the form of donations for generally beneficial purposes.

The company's share of the profit-sharing payment transferred to the Staff Fund of the Tapiola Insurance Group was FIM 2,320,000.00. It has been calculated according to the maximum amount and is included in the Profit and Loss Account under other expenses.

The Board of Directors recommends that the surplus of FIM 221,389,900.22 be appropriated so that FIM 221,000,000.00 be transferred to the security reserve and FIM 389,900.22 be transferred to the contingency reserve.

The Balance Sheet showed assets totalling FIM 7,002,059,142.02, compared with FIM 6,225,918,943.16 at the end of the previous year.

## CONSOLIDATED FINANCIAL STATEMENTS

The Tapiola General Group comprises the parent company, Tapiola General Mutual Insurance Company, and its subsidiaries: Alma Insurance Company Ltd, Tapiola Safety, Tietotyö Oy, Aura-Karelia Oy, Tapiola Data, Tapiola Book Entry Securities, and 50 housing and real estate companies.

The group's associated companies are Vakuutusneuvonta Aura Oy, Vakuutusneuvonta Pohja Oy, Kehitysyhtiö Botnia Oy and Suomen Vahinkotarkastus Oy. The associated company Turva Mutual Insurance Company is not consolidated in these financial statements.

## INSURANCE

**Gross premiums written** The group's gross premiums written amounted to FIM 2,032 million, which was 9.0% higher than in the previous year. Direct insurance accounted for FIM 1,899 million of the gross premiums written.

**Claims incurred** The claims incurred by the group amounted to FIM 1,709 million. Of this amount, claims paid totalled FIM 1,359 million, which was 5.9% higher than in the previous year.

**Reinsurance** The group's gross premiums written for assumed reinsurance were FIM 133 million, which was 9 million higher than in the previous year. Reinsurance accounted for 6.5% of the group's gross premiums written.

**Reinsurers' share** As a consequence of major claims incurred, FIM 24 million was received from reinsurers, compared with FIM 4 million in the previous year.

## INVESTMENTS

The net investment income was FIM 586 million. The corresponding net result for the previous year was FIM 509 million. Realised gains and losses on investments and fixed assets were FIM 330 million and FIM 21 million, respectively.

## OPERATING EXPENSES

The group's operating expenses totalled FIM 418 million, which was 13.9% higher than in 1998.

There was a 12.7% rise in salaries and commissions.

The average number of people employed by the Tapiola General Group during the review year was 1,792. This was 89 more employees than the average for the previous year.

## RESULT FOR THE ACCOUNTING PERIOD

The Group's solvency capital rose by FIM 1,333 million to FIM 5,947 million. The risk-carrying capacity, which describes the Group's solvency, was 318%, compared with 261% a year earlier.

Depreciation totalling FIM 80 million was charged according to plan. This total included a FIM 0.3 million depreciation charge on goodwill. The increase in the depreciation difference was FIM 12 million. The credit loss reserve in respect of receivables other than premiums was brought into line with the full amount.

The change in the depreciation difference and optional reserves as well as the depreciation difference and optional reserves are divided among deferred tax liability, minority interests and capital and reserves.

The surplus for the accounting period was FIM 222,579,670.67, of which the minority interest was FIM –1,247,269.53. The Balance Sheet showed assets totalling FIM 7,264,177,193.87.

# Tapiola General Group
# Key financial indicators

| | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|
| SCALE OF OPERATIONS | | | | | |
| Gross premiums written, Mio FIM | 2 032 | 1 863 | 1 669 | 1 572 | 1 524 |
| Turnover, Mio FIM | 2 833 | 2 628 | 2 227 | 2 162 | 1 906 |
| LOSSES | | | | | |
| Loss ratio, % | 91.2 | 82.8 | 85.2 | 81.9 | 83.6 |
| EFFICIENCY | | | | | |
| Expense ratio, % | 22.3 | 20.7 | 21.1 | 20.0 | 22.1 |
| PERFORMANCE | | | | | |
| Combined ratio, % | 113.5 | 103.5 | 106.2 | 101.9 | 105.7 |
| Operating profit, Mio FIM | 328 | 442 | 302 | 316 | 131 |
| Operating profit as percentage of turnover | 11.6 | 16.8 | 13.6 | 14.6 | 6.9 |
| Profit or loss before extraordinary items, appropriations and taxes, Mio FIM | 316 | 213 | 35 | 153 | –19 |
| Return on equity (ROE), % | 42.0 | 17.7 | 20.0 | 46.1 | 8,6 |
| Return on assets (ROA), % | 16.0 | 9.3 | 9.9 | 14.2 | 5.5 |
| SOLVENCY | | | | | |
| Solvency capital, Mio FIM | 5 947 | 4 614 | 3 996 | 3 344 | 2 688 |
| Solvency capital as percentage of technical provisions | 153,2 | 136.9 | 126.7 | 112.4 | 97.4 |
| Risk-carrying capacity, % | 317.5 | 260.9 | 251.4 | 220.6 | 184.5 |
| Equity to assets ratio, % | 37.4 | 29.5 | 27.3 | 24.4 | 17.6 |

The definitions of the concepts and the formulae for the financial indicators are presented in the Readers' Guide on page 172.

# TAPIOLA GENERAL GROUP PERFORMANCE ANALYSIS

| FIM Mio | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|
| Premiums earned | 1 873 | 1 769 | 1 590 | 1 516 | 1 456 |
| Claims incurred | –1 709 | –1 464 | –1 354 | –1 241 | –1 217 |
| Operating expenses | –418 | –366 | –335 | –304 | –322 |
| Change in provision for joint guarantee system | –3 | –3 | – | – | – |
| BALANCE ON TECHNICAL ACCOUNT BEFORE THE CHANGE IN THE EQUALIZATION PROVISION | –256 | –65 | –99 | –29 | –83 |
| Net investment income and expenses | 586 | 509 | 399 | 357 | 218 |
| Other income and expenses, net | 2 | 3 | 2 | –13 | –3 |
| Share of profits and losses in associated undertakings | 1 | 1 | 1 | 0 | –1 |
| OPERATING PROFIT | 328 | 442 | 302 | 316 | 131 |
| Change in equalization provision | –12 | –229 | –267 | –153 | –149 |
| Revaluation of investments and their adjustments | – | – | – | –10 | – |
| PROFIT OR LOSS BEFORE EXTRAORDINARY ITEMS, RESERVES AND TAXES | 316 | 213 | 35 | 153 | –19 |
| Extraordinary income | – | – | 67 | 127 | 193 |
| Extraordinary expenses | – | – | –67 | –159 | –210 |
| LOSS OR PROFIT BEFORE APPROPRIATIONS AND TAXES | 316 | 213 | 35 | 122 | –36 |

# REAL ESTATE PORTFOLIO, INCOME AND VACANT PREMISES AT 31.12.1999

Real estate portfolio, FIM 1 000

| | |
|---|---|
| Current value | 2 180 195 |
| Book value and loans | 1 538 759 |
| Valuation difference | 641 436 |

| Type of real estate | Current value FIM 1 000 | Current value FIM/m² | Net yield FIM 1 000 | Net yield % | Potential net yield*) | Vacant floor area, m² | Vacancy rate |
|---|---|---|---|---|---|---|---|
| Non-residential premises | | | | | | | |
| Commercial and office premises | | | | | | | |
| - rented to outside parties | 566 406 | 8 453 | 34 815 | 6,1 | 6,5 | 67 004 | 2,6 |
| - in own use **) | 283 672 | 8 205 | 24 772 | 8,7 | 8,7 | 34 573 | 0,0 |
| Idustrial premises | 150 985 | 3 453 | 10 926 | 7,2 | 7,4 | 43 721 | 2,1 |
| Hotels | 163 484 | 6 584 | 15 585 | 9,5 | 9,8 | 24 832 | 3,5 |
| Total | 1 164 547 | 6 845 | 86 098 | 7,4 | 7,6 | 170 130 | 2,1 |
| Residential buildings ***) | 515 686 | 6 539 | 27 926 | 5,4 | 5,6 | 78 858 | 2,4 |
| Other properties and premises | | | | | | | |
| Under construction and acquired mid-year | 442 336 | | | | | | |
| Undeveloped plots | 17 525 | | | | | | |
| Forest holdings | 4 215 | | | | | | |
| Shares in real estate investment companies | 35 886 | | | | | | |
| Total | 499 962 | | | | | 49 481 | |
| REAL ESTATE PORTFOLIO | 2 180 195 | | | | | 298 469 | |

*) The potential net yield is augmented by imputed gross rent forthe vacant premises, which averages FIM 48/m²/month

**) The imputed gross rent for premises in Tapiola's own use averages FIM 89/m²/month

***) The net income from residential premises is augmented by a government interest subsidy of FIM 1 333 000

Additionally interest subsidy for plots under construction FIM 481 000

The average vacancy rate over the year for non-residential premises was 2.2%.

# Financial Analysis

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **Source of funds:** | | | | |
| Cash flow financing | | | | |
| Profit before interest expenses, extraordinary items, appropriations and taxes | 312 070 | 213 086 | 318 731 | 212 733 |
| Extraordinary income and expenses | - | - | - | -37 |
| Adjustment items | | | | |
| Change in technical provisions | 447 014 | 463 816 | 453 692 | 446 738 |
| Investment devaluations and revaluations | 37 867 | 47 671 | 40 838 | 43 954 |
| Depreciation | 29 356 | 24 613 | 79 542 | 74 008 |
| | 826 307 | 749 186 | 892 802 | 777 396 |
| Capital financing | | | | |
| Increase in minority interest | - | - | 35 566 | 692 |
| Optional reserves | - | - | - | -33 779 |
| Group reserve | - | - | 926 | - |
| Increase in equity | - | - | 322 | 26 858 |
| | - | - | 36 815 | -6 229 |
| **Source of funds, total** | **826 307** | **749 186** | **929 617** | **771 167** |
| **Application of funds:** | | | | |
| Profit distribution | | | | |
| Interest on long term liabilities | - | - | 2 309 | - |
| Taxes | 88 533 | 59 464 | 92 595 | 59 529 |
| Interest on guarantee capital | - | 630 | - | 630 |
| Other profit distribution | 358 | 329 | 358 | 329 |
| | 88 890 | 60 423 | 95 262 | 60 487 |
| Investments | | | | |
| Increase in investments (net) | 711 718 | 631 250 | 800 360 | 564 449 |
| Increase in tangible and intangible assets (net) | 40 497 | 30 096 | 67 879 | 72 487 |
| | 752 215 | 661 346 | 868 239 | 636 936 |
| **Application of funds, total** | **841 105** | **721 769** | **963 500** | **697 423** |
| **Decrease/Increase in working capital** | **-14 798** | **27 417** | **-33 883** | **73 744** |
| **Change in working capital** | | | | |
| Change in receivables | 73 784 | 55 764 | 19 012 | 46 427 |
| Change in cash at bank and in hand | 12 445 | 10 471 | 7 885 | 18 674 |
| Change in prepayments and accrued income | 4 919 | -63 651 | 8 315 | -63 488 |
| Change in deposits received from reinsurers | - | 15 | 252 | 150 |
| Change in amounts owed | -42 581 | 19 182 | -42 217 | 104 656 |
| Change in accruals and deferred income | -63 365 | 5 637 | -27 130 | -32 674 |
| **Decrease/Increase in working capital** | **-14 798** | **27 417** | **-33 883** | **73 744** |

# Profit and Loss Account

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| | | 1999 | 1998 | 1999 | 1998 |
| **Technical account:** | | | | | |
| Premiums written | | | | | |
| Premiums written | *1 | 2 013 344 | 1 846 897 | 2 014 818 | 1 846 802 |
| Reinsurers' share | | -52 217 | -43 257 | -52 243 | -43 497 |
| | | 1 961 127 | 1 803 640 | 1 962 575 | 1 803 305 |
| Change in provision for unearned premiums | | -89 184 | -33 832 | -89 184 | -33 832 |
| Reinsurers' share | | -189 | -688 | -189 | -688 |
| | | -89 373 | -34 520 | -89 373 | -34 520 |
| | | 1 871 754 | 1 769 120 | 1 873 202 | 1 768 785 |
| Claims incurred | | | | | |
| Claims paid | | -1 379 161 | -1 289 131 | -1 399 294 | -1 308 299 |
| Reinsurers' share | | 32 945 | 18 488 | 39 959 | 24 558 |
| | | -1 346 216 | -1 270 643 | -1 359 336 | -1 283 742 |
| Change in provision for outstanding claims | | -372 246 | -201 091 | -374 480 | -179 355 |
| Reinsurers' share | | 29 345 | 3 447 | 24 901 | -1 211 |
| | | -342 901 | -197 644 | -349 579 | -180 566 |
| | | -1 689 117 | -1 468 287 | -1 708 915 | -1 464 308 |
| Change in provision for joint guarantee system | | -2 802 | -2 694 | -2 802 | -2 694 |
| Net operating expenses | 3 | -414 940 | -365 628 | -417 577 | -366 476 |
| **Balance on the technical account before the change in the equalization provision** | | **-235 105** | **-67 489** | **-256 092** | **-64 693** |
| Change in the equalization provision | | -11 938 | -228 958 | -11 938 | -228 958 |
| **Balance on the technical account** | 2 | **-247 043** | **-296 447** | **-268 030** | **-293 651** |
| **Non-technical account:** | | | | | |
| Investment income | 4 | 874 213 | 787 269 | 889 074 | 797 598 |
| Investment charges | 4 | -312 199 | -274 126 | -302 884 | -288 690 |
| | | 562 014 | 513 143 | 586 190 | 508 908 |
| Other income | | 431 | 393 | 1 316 | 1 198 |
| Other expenses | | | | | |
| Depreciation on consolidation goodwill | | - | - | -307 | -326 |
| Others | | -3 332 | -4 004 | -3 374 | -4 072 |
| | | -3 332 | -4 004 | -3 681 | -4 398 |
| Direct taxes on ordinary activities | | | | | |
| Taxes for the accounting period | | -87 309 | -59 517 | -87 478 | -58 443 |
| Taxes from previous years | | -1 224 | 53 | -1 318 | 12 |
| Change in deferred tax | | - | - | -3 799 | -1 098 |
| | | -88 533 | -59 464 | -92 595 | -59 529 |
| Share of participating interests' losses after taxes | | - | - | 626 | 677 |
| **Profit on ordinary activities after taxes** | | **223 538** | **153 621** | **223 827** | **153 205** |

* Reference number in the Appendices

# Profit and Loss Account

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | **1999** | **1998** | **1999** | **1998** |
| Extraordinary income and expenses | | | | |
| Extraordinary expenses | - | - | - | -37 |
| **Profit after extraordinary items** | **223 538** | **153 621** | **223 827** | **153 168** |
| Increase in depreciation difference | -198 | -279 | 0 | 0 |
| Increase in optional reserves | -1 950 | -1 577 | 0 | 0 |
| | - 2 148 | -1 856 | 0 | 0 |
| **Profit for the accounting period before minority interest** | **221 390** | **151 765** | **223 827** | **153 168** |
| Minority interest in the profit for the accounting period | | | -1 247 | 626 |
| **Profit for the accounting period/ Group profit for the accounting period** | **221 390** | **151 765** | **222 580** | **153 794** |

# Appendices to the Profit and Loss Account

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **1 Premiums written** | | | | |
| Direct insurance | | | | |
| Domestic | 1 899 000 | 1 739 830 | 1 899 000 | 1 739 830 |
| Reinsurance | 131 327 | 123 513 | 132 801 | 123 418 |
| **Gross premiums written** | **2 030 327** | **1 863 343** | **2 031 801** | **1 863 248** |
| Credit loss on premiums | -16 983 | -16 446 | -16 983 | -16 446 |
| **Premiums written before reinsurers' share** | **2 013 344** | **1 846 897** | **2 014 818** | **1 846 802** |
| | | | | |
| **Premium tax and other transferred charges** | | | | |
| Premium tax | 290 078 | 260 931 | 290 078 | 260 931 |
| Fire brigade charges | 5 747 | 5 513 | 5 747 | 5 513 |
| Traffic safety payments | 4 908 | 4 925 | 4 908 | 4 925 |
| Industrial safety charges | 7 082 | 5 531 | 7 082 | 5 531 |
| Government medical expenses fee | 41 663 | 41 055 | 41 663 | 41 055 |
| **Total** | **349 479** | **317 955** | **349 479** | **317 955** |

**1000 FIM** **Parent company**

**2 Result by group of insurance class**

| Group of insurance class | | Gross premiums written before credit losses and reinsurers' share | Gross premiums earned before reinsurers' share | Claims incurred before reinsurers' share | Gross operating expenses (before reinsurers' commissions and profit participations) | Reinsurers' share | Balance on the technical account margin before net investment income |
|---|---|---|---|---|---|---|---|
| Statutory accident | 99 | 399 438 | 392 711 | -258 886 | -42 720 | -69 | 91 036 |
| | 98 | 401 470 | 396 326 | -371 728 | -36 661 | -85 | -12 149 |
| | 97 | 315 904 | 307 996 | -307 576 | -29 621 | -116 | -29 318 |
| Other accident and illnes | 99 | 86 828 | 84 758 | -49 512 | -37 445 | -87 | -2 287 |
| | 98 | 71 925 | 69 849 | -48 535 | -24 758 | -111 | -3 556 |
| | 97 | 64 754 | 63 954 | -41 838 | -22 350 | -118 | -352 |
| Motor third party liability | 99 | 464 986 | 419 475 | -620 162 | -100 700 | -117 | -301 504 |
| | 98 | 385 657 | 357 324 | -361 750 | -74 727 | -312 | -79 465 |
| | 97 | 333 078 | 316 852 | -318 155 | -62 084 | -360 | -63 747 |
| Land vehicles | 99 | 348 146 | 326 677 | -248 045 | -76 797 | -393 | 1 442 |
| | 98 | 294 133 | 284 133 | -215 101 | -58 883 | -487 | 9 663 |
| | 97 | 272 451 | 265 186 | -195 169 | -50 960 | -500 | 18 558 |
| Ships and aircraft, railway rolling stock and transport | 99 | 29 715 | 29 452 | -13 543 | -5 979 | -633 | 9 296 |
| | 98 | 34 298 | 34 152 | -14 411 | -6 600 | -1 505 | 11 635 |
| | 97 | 33 981 | 33 155 | -16 099 | -7 866 | 235 | 9 424 |
| Fire and other damage to property | 99 | 431 417 | 402 910 | -333 988 | -88 734 | 7 832 | -11 980 |
| | 98 | 411 660 | 406 114 | -288 965 | -95 815 | -14 747 | 6 587 |
| | 97 | 402 318 | 396 367 | -285 017 | -99 103 | -12 163 | 85 |
| Liability | 99 | 93 158 | 93 465 | -67 768 | -25 422 | -4 365 | -4 090 |
| | 98 | 97 097 | 96 510 | -94 344 | -25 639 | 4 185 | -19 288 |
| | 97 | 72 291 | 73 472 | -47 245 | -19 622 | -3 036 | 3 568 |
| Credit and suretyship | 99 | 1 131 | 1 176 | 3 428 | -90 | -165 | 4 348 |
| | 98 | 1 375 | 1 202 | 8 516 | -110 | -337 | 9 270 |
| | 97 | 1 328 | 2 016 | 8 835 | -172 | -279 | 10 400 |
| Legal expenses | 99 | 26 813 | 25 945 | -24 970 | -8 658 | 0 | -7 683 |
| | 98 | 25 849 | 27 941 | -34 068 | -8 431 | 0 | -14 558 |
| | 97 | 26 400 | 25 983 | -22 071 | -7 952 | 0 | -4 039 |
| Others | 99 | 17 369 | 17 472 | -23 393 | -2 688 | -1 726 | -10 335 |
| | 98 | 16 366 | 15 606 | -11 274 | -2 839 | -1 218 | 275 |
| | 97 | 13 985 | 13 601 | -3 865 | -2 409 | -1 341 | 5 985 |
| **DIRECT INSURANCE, TOTAL** | **99** | **1 899 000** | **1 794 041** | **-1 636 841** | **-389 233** | **277** | **-231 757** |
| | **98** | **1 739 830** | **1 689 156** | **-1 431 661** | **-334 464** | **-14 618** | **-91 586** |
| | **97** | **1 536 490** | **1 498 581** | **-1 228 201** | **-302 139** | **-17 678** | **-49 436** |
| Reinsurance | 99 | 131 327 | 130 120 | -114 566 | -37 339 | 21 240 | -546 |
| | 98 | 123 513 | 123 909 | -58 561 | -40 950 | 2 393 | 26 791 |
| | 97 | 126 533 | 125 694 | -103 800 | -36 985 | 1 128 | -13 964 |
| **TOTAL** | **99** | **2 030 327** | **1 924 160** | **-1 751 407** | **-426 573** | **21 517** | **-232 303** |
| | **98** | **1 863 343** | **1 813 065** | **-1 490 222** | **-375 413** | **-12 225** | **-64 795** |
| | **97** | **1 663 023** | **1 624 275** | **-1 332 001** | **-339 125** | **-16 550** | **-63 400** |
| Change in provision for joint guarantee system | 99 | | | | | | -2 802 |
| | 98 | | | | | | -2 694 |
| | 97 | | | | | | - |
| Change in equalization provision | 99 | | | | | | -11 938 |
| | 98 | | | | | | -228 958 |
| | 97 | | | | | | -267 082 |
| **BALANCE ON THE TECHNICAL ACCOUNT** | **99** | | | | | | **-247 043** |
| | **98** | | | | | | **-296 447** |
| | **97** | | | | | | **-330 482** |

1000 FIM — Group

## 2 Result by group of insurance class

| Group of insurance class | | Gross premiums written before credit losses and reinsurers' share | Gros premiums earned before reinsurers' share | Claims incurred before reinsurers' share | Gross operating expenses (before reinsurers' commissions and profit participations) | Reinsurers' share | Balance on the technical account margin before net investment income |
|---|---|---|---|---|---|---|---|
| Statutory accident | 99 | 399 438 | 392 711 | -258 811 | -42 122 | -69 | 91 708 |
| | 98 | 401 470 | 396 326 | -371 728 | -36 463 | -85 | -11 951 |
| | 97 | 315 904 | 307 996 | -307 576 | -30 524 | -116 | -30 221 |
| Other accident and illness | 99 | 86 828 | 84 758 | -49 498 | -36 921 | -87 | -1 749 |
| | 98 | 71 925 | 69 849 | -48 535 | -24 624 | -111 | -3 422 |
| | 97 | 64 754 | 63 954 | -41 838 | -23 031 | -118 | -1 033 |
| Motor third party liability | 99 | 464 986 | 419 475 | -619 983 | -99 291 | -117 | -299 915 |
| | 98 | 385 657 | 357 324 | -361 750 | -74 323 | -312 | -79 061 |
| | 97 | 333 078 | 316 852 | -318 155 | -63 976 | -360 | -65 639 |
| Land vehicles | 99 | 348 146 | 326 677 | -247 974 | -75 722 | -393 | 2 589 |
| | 98 | 294 133 | 284 133 | -215 101 | -58 564 | -487 | 9 981 |
| | 97 | 272 451 | 265 186 | -195 169 | -52 513 | -500 | 17 005 |
| Ships and aircraft, railway rolling stock and transport | 99 | 29 715 | 29 452 | -13 539 | -5 895 | -633 | 9 384 |
| | 98 | 34 298 | 34 152 | -14 411 | -6 565 | -1 505 | 11 671 |
| | 97 | 33 981 | 33 155 | -16 099 | -8 106 | 235 | 9 184 |
| Fire and other damage to property | 99 | 431 417 | 402 910 | -333 892 | -87 492 | 7 832 | -10 642 |
| | 98 | 411 660 | 406 114 | -288 965 | -95 297 | -14 747 | 7 105 |
| | 97 | 402 318 | 396 367 | -285 017 | -102 123 | -12 163 | -2 935 |
| Liability | 99 | 93 158 | 93 465 | -67 749 | -25 066 | -4 365 | -3 715 |
| | 98 | 97 097 | 96 510 | -94 344 | -25 500 | 4 185 | -19 149 |
| | 97 | 72 291 | 73 472 | -47 245 | -20 220 | -3 036 | 2 970 |
| Credit and suretyship | 99 | 1 131 | 1 176 | 3 427 | -89 | -165 | 4 348 |
| | 98 | 1 375 | 1 202 | 8 516 | -110 | -337 | 9 270 |
| | 97 | 1 328 | 2 016 | 8 835 | -177 | -279 | 10 395 |
| Legal expenses | 99 | 26 813 | 25 945 | -24 963 | -8 537 | 0 | -7 555 |
| | 98 | 25 849 | 27 941 | -34 068 | -8 385 | 0 | -14 512 |
| | 97 | 26 400 | 25 983 | -22 071 | -8 194 | 0 | -4 282 |
| Others | 99 | 17 369 | 17 472 | -23 387 | -2 650 | -1 726 | -10 291 |
| | 98 | 16 366 | 15 606 | -11 274 | -2 823 | -1 218 | 290 |
| | 97 | 13 985 | 13 601 | -3 865 | -2 483 | -1 341 | 5 912 |
| **Direct Insurance, total** | **99** | **1 899 000** | **1 794 041** | **-1 636 369** | **-383 786** | **277** | **-225 838** |
| | **98** | **1 739 830** | **1 689 156** | **-1 431 661** | **-332 655** | **-14 618** | **-89 777** |
| | **97** | **1 536 490** | **1 498 581** | **-1 228 201** | **-311 348** | **-17 678** | **-58 645** |
| Reinsurance | 99 | 132 801 | 131 593 | -137 406 | -45 423 | 23 783 | -27 452 |
| | 98 | 123 418 | 123 814 | -56 119 | -43 608 | 3 692 | 27 778 |
| | 97 | 133 004 | 132 165 | -169 599 | -31 063 | 27 816 | -40 680 |
| **Total** | **99** | **2 031 801** | **1 925 634** | **-1 773 775** | **-429 209** | **24 060** | **-253 290** |
| | **98** | **1 863 248** | **1 812 970** | **-1 487 780** | **-376 263** | **-10 926** | **-61 999** |
| | **97** | **1 669 494** | **1 630 747** | **-1 397 799** | **-342 411** | **10 139** | **-99 325** |
| Change in provision for joint guarantee system | 99 | | | | | | -2 802 |
| | 98 | | | | | | -2 694 |
| | 97 | | | | | | - |
| Change in equalization provision | 99 | | | | | | -11 938 |
| | 98 | | | | | | -228 958 |
| | 97 | | | | | | -267 082 |
| **Balance on the Technical Account** | **99** | | | | | | **-268 030** |
| | **98** | | | | | | **-293 651** |
| | **97** | | | | | | **-366 407** |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **3 Specification of operating expenses** | | | | |
| **3.1 Total operating expenses by function** | | | | |
| Claims paid | 78 254 | 68 706 | 79 617 | 70 571 |
| Operating expenses | 414 940 | 365 628 | 417 577 | 366 476 |
| Investment charges | 28 671 | 25 284 | 68 755 | 70 204 |
| Other charges | 3 332 | 4 004 | 3 681 | 4 398 |
| **Total** | **525 197** | **463 621** | **569 629** | **511 649** |
| **3.2 Depreciation by function** | | | | |
| Claims paid | 561 | 705 | 2 335 | 705 |
| Operating expenses | 23 102 | 19 124 | 36 545 | 37 075 |
| Investment charges | 500 | 696 | 2 358 | 4 976 |
| Other expenses | - | - | 307 | 2 601 |
| **Total** | **24 163** | **20 525** | **41 545** | **45 357** |
| **3.3 Staff expenses** | | | | |
| Salaries and commissions | 182 111 | 161 279 | 236 499 | 209 822 |
| Monetary value of fringe benefits | 6 729 | 6 101 | 8 248 | 7 421 |
| Pension expenses | 25 591 | 23 366 | 40 249 | 30 570 |
| Other social expenses | 17 439 | 15 545 | 21 249 | 22 617 |
| **Totalt** | **231 870** | **206 290** | **306 245** | **270 430** |
| Salaries and renumerations to members of the board, members of the supervisory board and the managing director | 2 932 | 2 854 | 3 828 | 3266 |
| Pension commitments in favour of member of the board and of the managing director | | | | |
| The retirement age of the management and of the members of the board employed by the company has been agreed at 60-63 years | | | | |
| Average number of personnel during the financial year | 1 502 | 1 420 | 1 792 | 1 703 |
| **3.4 Operating expenses in Profit and Loss Account** | | | | |
| Insurance policy acquisition costs | | | | |
| Commissions for direct insurance | 41 008 | 28 896 | 41 008 | 28 896 |
| Commissions for reinsurance assumed | 30 107 | 34 545 | 34 861 | 34 418 |
| Other insurance policy acquisition costs | 158 733 | 140 697 | 144 432 | 141 152 |
| | 229 848 | 204 137 | 220 301 | 204 466 |
| Insurance policy management expenses | 98 910 | 89 014 | 107 252 | 90 301 |
| Administrative expenses | 97 816 | 82 261 | 101 656 | 81 495 |
| Commissions for reinsurance ceded | -11 633 | -9 785 | -11 632 | -9 785 |
| **Total** | **414 940** | **365 628** | **417 577** | **366 476** |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| **4 Analysis of net investment income** | **1999** | **1998** | **1999** | **1998** |
| **Investment income:** | | | | |
| Income from investments in group companies | | | | |
| Dividend income | - | 4 167 | - | - |
| Interest income | 2 379 | 1 177 | - | - |
| Other income | - | - | - | - |
| | 2 379 | 5 343 | - | - |
| Income from investments in land and buildings | | | | |
| Group companies | | | | |
| Interest income | 22 519 | 17 299 | - | - |
| Other income | 1 569 | 1 414 | - | - |
| | 24 088 | 18 713 | - | - |
| Other companies | | | | |
| Interest income | 273 | 315 | 273 | 315 |
| Other income | 159 125 | 140 578 | 176 451 | 156 563 |
| | 159 398 | 140 893 | 176 724 | 156 878 |
| | 183 486 | 159 606 | 176 724 | 156 878 |
| Income from other investments | | | | |
| Dividend income | 115 929 | 57 726 | 115 967 | 57 764 |
| Interest income | 167 064 | 271 395 | 175 225 | 280 216 |
| Other income | 18 950 | 10 237 | 34 192 | 13 253 |
| | 301 943 | 339 358 | 325 384 | 351 233 |
| Total | 487 808 | 504 308 | 502 108 | 508 111 |
| Devaluation cancellations | 56 825 | 13 540 | 56 825 | 20 066 |
| Realized gains on investments | 329 580 | 269 421 | 330 141 | 269 421 |
| **Total** | **874 213** | **787 269** | **889 074** | **797 598** |
| **Investment expenses:** | | | | |
| Expenses for land and buildings | | | | |
| Group companies | -83 053 | -70 407 | - | - |
| Other companies | -51 276 | -42 571 | -91 381 | -87 393 |
| | -134 329 | -112 978 | -91 381 | -87 393 |
| Expenses for other investments | -53 161 | -19 791 | -49 326 | -27 770 |
| Interest expenses and expenses on other liabilities | | | | |
| Group companies | -856 | -320 | - | - |
| Other companies | -2 470 | -3 177 | -4 985 | -8 295 |
| | -3 326 | -3 496 | -4 985 | -8 295 |
| | -190 816 | -136 265 | -145 691 | -123 458 |
| Devaluations and depreciations | | | | |
| Devaluations | -94 692 | -61 211 | -97 663 | -64 019 |
| Planned depreciation on buildings | -5 193 | -4 088 | -38 032 | -28 651 |
| | -99 885 | -65 299 | -135 695 | -92 670 |
| Realized losses on investments | -21 498 | -72 561 | -21 498 | -72 561 |
| **Total** | **-312 199** | **-274 126** | **-302 884** | **-288 690** |
| **Net investment income before revaluations and their adjustments** | **562 014** | **513 143** | **586 190** | **508 908** |
| **Net investment income on the Profit and Loss Account** | **562 014** | **513 143** | **586 190** | **508 908** |
| Avoir fiscal tax credit included in dividend income | 30 627 | 15 235 | 30 627 | 15 235 |

# Balance Sheet

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| **Assets** | | **1999** | **1998** | **1999** | **1998** |
| **Intangible assets** | | | | | |
| Consolidation goodwill | 9 | - | - | 307 | 750 |
| Other long-term expenses | 9 | 61 262 | 53 427 | 70 644 | 61 819 |
| | | **61 262** | **53 427** | **70 951** | **62 569** |
| **Investments** | 5 | | | | |
| Investment in land and buildings | 6 | | | | |
| Land and buildings | | 996 286 | 907 370 | 1 448 771 | 1 322 942 |
| Loans to group companies | | 345 275 | 343 439 | - | - |
| | | 1 341 561 | 1 250 809 | 1 448 771 | 1 322 942 |
| Investments in group companies and participating interests | 7 | | | | |
| Shares and holdings in group companies | | 21 114 | 21 114 | - | - |
| Loans from group companies | | 650 | 650 | - | - |
| Other shares and variable-yield securities and units in unit trusts | 7 | 36 333 | 39 171 | 39 614 | 40 649 |
| | | 58 097 | 60 935 | 39 614 | 40 649 |
| Other investments | | | | | |
| Shares and holdings | 7 | 1 572 192 | 1 281 497 | 1 575 227 | 1 282 931 |
| Debt securities | | 2 712 390 | 2 524 477 | 2 735 083 | 2 547 251 |
| Loans guaranteed by mortgages | | 88 200 | 100 551 | 88 200 | 100 551 |
| Other loans | 8 | 336 266 | 205 532 | 336 266 | 205 532 |
| Deposits | | 55 000 | 70 789 | 166 176 | 167 083 |
| Other investments | | 150 | - | 6 598 | 6 375 |
| | | 4 764 198 | 4 182 847 | 4 907 550 | 4 309 723 |
| Deposits with ceding undertakings | | 2 198 | 2 805 | 11 078 | 12 209 |
| | | **6 166 053** | **5 497 396** | **6 407 013** | **5 685 523** |
| **Debtors** | 12 | | | | |
| Arising out of direct insurance operations | | | | | |
| Policyholders | | 367 074 | 331 096 | 367 074 | 331 096 |
| Arising out of reinsurance operations | | 34 436 | 28 060 | 43 424 | 40 090 |
| Other debtors | | 186 291 | 154 861 | 117 374 | 137 674 |
| | | **587 802** | **514 017** | **527 872** | **508 861** |
| **Other assets** | | | | | |
| Tangible assets | | | | | |
| Equipment | 9 | 26 345 | 17 962 | 80 912 | 63 053 |
| Other tangible assets | | - | - | 492 | 479 |
| | | 26 345 | 17 962 | 81 404 | 63 532 |
| Cash at bank and in hand | | 40 594 | 28 149 | 50 705 | 42 820 |
| Other assets | | 2 845 | 2 730 | 2 845 | 2 730 |
| | | **69 784** | **48 841** | **134 954** | **109 082** |
| **Prepayments and accrued income** | | | | | |
| Interest and rents | | 92 805 | 88 941 | 93 483 | 89 198 |
| Other prepayments and accrued income | | 24 353 | 23 297 | 29 905 | 25 875 |
| | | **117 158** | **112 238** | **123 387** | **115 073** |
| | | **7 002 059** | **6 225 919** | **7 264 177** | **6 481 106** |

# BALANCE SHEET

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| **Liabilities** | | **1999** | **1998** | **1999** | **1998** |
| **Capital and reserves** | 10 | | | | |
| Restricted | | | | | |
| Equivalent funds | | 40 879 | 40 879 | 40 879 | 40 879 |
| Guarantee capital | | 10 500 | 10 500 | 10 500 | 10 500 |
| Revaluation reserve | 10 | 3 208 | 3 208 | 11 566 | 11 560 |
| | | 54 587 | 54 587 | 62 945 | 62 940 |
| Non-restricted | | | | | |
| Reserve fund | | 100 | 100 | 100 | 172 |
| Security reserve | | 426 410 | 274 910 | 426 410 | 274 910 |
| Contingency reserve | | 734 | 827 | 806 | 827 |
| Other free funds | | - | - | - | 6 |
| Share of reserves and depreciation difference transferred to capital and reserve | 11 | - | - | 26 309 | 23 728 |
| Group losses for previous years | | - | - | -24 914 | -24 684 |
| Profit for the accounting period | | 221 390 | 151 765 | 222 580 | 153 794 |
| | | 648 634 | 427 602 | 651 291 | 428 752 |
| | | **703 221** | **482 189** | **714 236** | **491 692** |
| **Minority interest** | | **-** | **-** | **97 179** | **60 365** |
| **Reserves** | 11 | | | | |
| Group reserve | | - | - | 926 | - |
| Accumulated depreciation difference | | 24 100 | 23 902 | - | - |
| Optional reserves | | 8 540 | 6 590 | - | - |
| | | **32 640** | **30 492** | **926** | **-** |
| **Technical provisions** | | | | | |
| Provisions for unearned premiums | | 671 445 | 582 261 | 671 445 | 582 261 |
| Reinsurers' share | | -2 573 | -2 762 | -2 573 | -2 762 |
| | | 668 872 | 579 499 | 668 872 | 579 499 |
| Provision for outstanding claims | 14 | 3 100 600 | 2 728 353 | 3 195 748 | 2 821 268 |
| Reinsurers' share | | -53 543 | -24 197 | -56 107 | -31 206 |
| | | 3 047 057 | 2 704 156 | 3 139 641 | 2 790 062 |
| Equalization provision | | 2 192 063 | 2 180 125 | 2 192 063 | 2 180 125 |
| Change in provision for joint guarantee system | | 72 849 | 70 047 | 72 849 | 70 047 |
| | | **5 980 841** | **5 533 827** | **6 073 425** | **5 619 733** |
| **Deposits received from reinsurers** | | **-** | **-** | **464** | **716** |
| **Creditors** | 12 | | | | |
| Arising out of reinsurance operations | | 9 584 | 7 754 | 66 131 | 62 634 |
| Pension loans | | - | - | 716 | 716 |
| Deferred tax | | - | - | 14 719 | 10 556 |
| Other creditors | | 105 826 | 65 075 | 114 217 | 79 661 |
| | | **115 410** | **72 829** | **195 783** | **153 567** |
| **Accruals and deferred income** | | **169 947** | **106 582** | **182 164** | **155 033** |
| | | **7 002 059** | **6 225 919** | **7 264 177** | **6 481 106** |

# APPENDICES TO THE BALANCE SHEET

**1000 FIM** — **Parent company** — **Group**

**5 Current value and valuation difference of investments**

**Investments 31.12.1999**

| | Parent company: Remaining acquisition cost | Parent company: Book value | Parent company: Current value | Group: Remaining acquisition cost | Group: Book value | Group: Current value |
|---|---|---|---|---|---|---|
| Investments in land and buildings | | | | | | |
| Land and buildings | 189 712 | 189 869 | 399 229 | 1 117 475 | 1 135 285 | 1 806 807 |
| Group company shares | 463 746 | 492 932 | 811 311 | - | - | - |
| Other real estate shares | 307 400 | 313 485 | 427 183 | 307 400 | 313 485 | 427 183 |
| Loans to group companies | 345 275 | 345 275 | 345 275 | - | - | - |
| | 1 306 132 | 1 341 561 | 1 982 998 | 1 424 875 | 1 448 771 | 2 233 990 |
| Group companies | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 21 114 | 21 114 | 21 114 | - | - | - |
| Loans | 650 | 650 | 650 | - | - | - |
| | 21 764 | 21 764 | 21 764 | - | - | - |
| Participating interests | | | | | | |
| Other shares and variable-yield securities and units in unit trusts | 36 333 | 36 333 | 36 333 | 39 614 | 39 614 | 39 614 |
| Other investments | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 1 572 192 | 1 572 192 | 3 757 401 | 1 575 227 | 1 575 227 | 3 759 216 |
| Debt securities | 2 712 390 | 2 712 390 | 2 776 243 | 2 735 083 | 2 735 083 | 2 805 791 |
| Loans guaranteed by mortgages | 88 200 | 88 200 | 88 200 | 88 200 | 88 200 | 88 200 |
| Other loans | 336 266 | 336 266 | 336 266 | 336 266 | 336 266 | 336 266 |
| Deposits | 55 000 | 55 000 | 55 000 | 166 176 | 166 176 | 166 176 |
| Other investments | 150 | 150 | 150 | 6 598 | 6 598 | 6 598 |
| | 4 764 198 | 4 764 198 | 7 013 259 | 4 907 550 | 4 907 550 | 7 162 247 |
| Deposits and ceding undertakings | 2 198 | 2 198 | 2 198 | 11 078 | 11 078 | 11 078 |
| | **6 130 624** | **6 166 053** | **9 056 552** | **6 383 117** | **6 407 013** | **9 446 929** |
| The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it | -50 816 | | | -51 066 | | |
| The book value consists of | | | | | | |
| Revaluations entered as income | | 4 245 | | | 4 245 | |
| Other revaluations | | 31 184 | | | 23 896 | |
| | | 35 429 | | | 28 141 | |
| Valuation difference (difference between the current value and book values) | | | 2 890 499 | | | 3 039 916 |

| 1000 FIM | Parent company | | | Group | | |
|---|---|---|---|---|---|---|
| **5 Current value and valuation difference of investments** | | | | | | |
| **Investments 31.12.1998** | | | | | | |
| | **Remaining acquisition cost** | **Book value** | **Current value** | **Remaining acquisition cost** | **Book value** | **Current value** |
| Investments in land and buildings | | | | | | |
| Land and buildings | 187 338 | 187 495 | 391 565 | 954 956 | 997 707 | 1 650 299 |
| Group company shares | 369 699 | 394 640 | 735 036 | - | - | - |
| Other real estate shares | 314 904 | 325 235 | 442 235 | 314 904 | 325 235 | 442 235 |
| Loans to group companies | 343 439 | 343 439 | 343 439 | - | - | - |
| | 1 215 380 | 1 250 809 | 1 912 275 | 1 269 860 | 1 322 942 | 2 092 534 |
| Group companies | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 21 114 | 21 114 | 21 114 | - | - | - |
| Loans | 650 | 650 | 650 | - | - | - |
| | 21 764 | 21 764 | 21 764 | - | - | - |
| Participating interests | | | | | | |
| Other shares and variable-yield securities and units in unit trusts | 39 171 | 39 171 | 39 171 | 40 649 | 40 649 | 40 649 |
| Other investments | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 1 281 497 | 1 281 497 | 2 285 111 | 1 282 931 | 1 282 931 | 2 286 716 |
| Debt securities | 2 524 477 | 2 524 477 | 2 707 538 | 2 547 251 | 2 547 251 | 2 707 538 |
| Loans guaranteed by mortgages | 100 551 | 100 551 | 100 551 | 100 551 | 100 551 | 100 551 |
| Other loans | 205 532 | 205 532 | 205 532 | 205 532 | 205 532 | 205 532 |
| Deposits | 70 789 | 70 789 | 70 789 | 167 083 | 167 083 | 167 083 |
| Other investments | - | - | - | 6 375 | 6 375 | 6 375 |
| | 4 182 847 | 4 182 847 | 5 369 522 | 4 309 723 | 4 309 723 | 5 473 795 |
| Deposits with ceding undertakings | 2 805 | 2 805 | 2 805 | 12 209 | 12 209 | 12 209 |
| | **5 461 967** | **5 497 396** | **7 345 537** | **5 632 441** | **5 685 523** | **7 619 187** |
| The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it | -36 507 | | | -36 677 | | |
| The book value consists of | | | | | | |
| Revaluations entered as income | | 4 245 | | | 4 245 | |
| Other revaluations | | 31 184 | | | 48 837 | |
| | | 35 429 | | | 53 082 | |
| Valuation difference (difference between the current and book values) | | | 1 848 141 | | | 1 933 664 |

| 1000 FIM | Parent company | | | Group | |
|---|---|---|---|---|---|
| **6 Change in investments in land and buildings 31.12.1999** | **Buildings** | **Land and water areas and real estate shares** | **Loans to group companies** | **Buildings** | **Land and water areas and real estate shares** |
| Acquisition cost 1.1 | 151 194 | 1 013 430 | 343 439 | 1 116 117 | 692 276 |
| Fully depreciated in the previous year | - | - | - | -1 225 | - |
| Increases | 7 373 | 121 966 | 37 840 | 62 544 | 132 532 |
| Decreases | - | -2 123 | -36 004 | - | -2 123 |
| Transfers | - | 700 | - | - | - |
| Acquisition cost 31.12 | 158 567 | 1 133 973 | 345 275 | 1 177 436 | 822 685 |
| Revaluations 1.1 | 158 | 35 272 | - | 7 558 | 45 524 |
| Revaluations 31.12 | 158 | 35 272 | - | 7 558 | 45 524 |
| Accumulated depreciations according to plan/devaluations 1.1 | -46 744 | -245 939 | - | -254 968 | -245 939 |
| Fully depreciated in the previous year | - | - | - | 1 225 | - |
| Depreciations according to plan/devaluations and devaluation cancellations | -5 000 | -34 000 | - | -70 749 | -34 000 |
| Accumulated depreciations according to plan/devaluations 31.12 | -51 744 | -279 939 | - | -324 493 | -279 939 |
| **Book value after depreciations according to plan/devaluations 31.12** | **106 981** | **889 305** | **345 275** | **860 501** | **588 270** |
| Accumulated depreciations in excess of the plan 1.1 | -24 008 | | | 29 936 | |
| Depreciations above/below plan | -172 | | | 8 632 | |
| Accumulated depreciations in excess of the plan 31.12 | -24 180 | | | 38 568 | |
| Fully depreciated value of the buildings 31.12 | 82 801 | | | 821 933 | |

| | Parent company | | Group | |
|---|---|---|---|---|
| | **1999** | **1998** | **1999** | **1998** |
| **Land and buildings for own use** | | | | |
| Remaining acquisition cost | 107 021 | 111 435 | 104 760 | 109 665 |
| Book value | 107 139 | 111 553 | 104 878 | 109 783 |
| Current value | 281 398 | 281 341 | 276 777 | 278 852 |
| **Group companies** | | | | |
| Number of companies | 50 | 50 | | |
| Total profit/loss for accounting period | 851 | -4 577 | | |
| Capital and reserves, total | 530 273 | 425 044 | | |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| **7 Investments in group companies and participating interests, other investments, shares and other variable-yield securities and units in unit trusts** | | | | |
| | **1999** | **1998** | **1999** | **1998** |
| **Shares and holdings in group companies** | | | | |
| Original acquisition cost 1.1 | 63 114 | 61 182 | 42 000 | 42 000 |
| Increases | - | 1 932 | - | - |
| Accumulated devaluations 31.12 | -42 000 | -42 000 | -42 000 | -42 000 |
| **Remaining acquisition cost 31.12** | **21 114** | **21 114** | **-** | **-** |
| **Debt securities issued by loans to group companies** | | | | |
| Original acquisition cost 1.1 | 650 | 650 | - | - |
| **Remaining acquisition cost 31.12** | **650** | **650** | **-** | **-** |
| **Other shares and variable-yield securities and units in unit trusts** | | | | |
| Original acquisition cost 1.1 | 39 571 | 39 086 | 41 049 | 39 447 |
| Increases | - | 1 984 | 1 330 | 3 102 |
| Decreases | -3 238 | -1 500 | -2 765 | -1 500 |
| Accumulated devaluations 31.12 | - | -400 | -400 | -400 |
| Devaluation cancellations | - | - | 400 | - |
| **Remaining acquisition cost 31.12** | **36 333** | **39 171** | **39 614** | **40 649** |
| **Total** | **58 097** | **60 935** | **39 614** | **40 649** |

| | No. of shares | % of shares | % of votes | Nominal value FIM 1000 | Parent company Book value 31.12.1999 FIM 1000 | Result for accounting period FIM 1000 | Capital and reserves FIM 1000 |
|---|---|---|---|---|---|---|---|
| **Shares and other variable-yield securities and units in unit trusts** | | | | | | | |
| Aura-Karelia Oy | 100 | 100.00 | 100.00 | 5 | 61 | 15 | 77 |
| Tapiola Värdeandels Ab | 3 000 | 60.00 | 60.00 | 3 000 | 3 000 | 93 | 4 725 |
| Tapiola Safety Oy | 15 | 100.00 | 100.00 | 15 | 15 | 0 | 17 |
| Tapiola-Data Ab | 506 | 51.11 | 51.11 | 1 012 | 2 853 | 89 | 5 157 |
| Alma Vakuutus Oy | 1 300 000 | 100.00 | 100.00 | 13 000 | 10 200 | 472 | 12 578 |
| Tietotyö Oy | 4 000 | 100.00 | 100.00 | 5 000 | 4 986 | 161 | 9 984 |
| Total | 1 307 621 | | | 22 032 | 21 114 | 830 | 32 538 |
| **Shares and variable-yield securities and units in unit trusts** | | | | | | | |
| Vakuutusneuvonta Aura Oy | 50 | 33.30 | 33.30 | 5 | 5 | 1 | 29 |
| Vakuutusneuvonta Pohja Oy | 50 | 33.30 | 33.30 | 5 | 5 | 1 | 29 |
| Suomen Vahinkotarkastus Oy | 2000 | 50.00 | 50.00 | 2 000 | 2 195 | 1 351 | 7 459 |
| The Employees' Mutual Insurance Company Turva | 3828 | 85.00 | 42.00 | 38 280 | 34 128 | 2 000 | 50 215 |
| **Total** | **5 928** | | | **40 290** | **36 333** | **3 352** | **57 732** |

# PORTFOLIO

| 7 Other investments, Shares and other variable-yield securities and units in unit trusts | Parent company No. of shares | Book value FIM 1000 31.12.1999 | Current value FIM 1000 31.12.1999 | Group No. of shares | Book value FIM 1000 31.12.1999 | Current value FIM 1000 31.12.1999 |
|---|---|---|---|---|---|---|
| Nokia Oyj | 526 000 | 15 090 | 562 942 | 526 000 | 15 090 | 562 942 |
| JOT Automation Group Oyj | 6 358 000 | 2 294 | 349 677 | 6 358 000 | 2 294 | 349 677 |
| YIT-Yhtymä Oyj | 4 036 930 | 107 831 | 261 627 | 4 036 930 | 107 831 | 261 627 |
| Tietoenator Oyj | 528 000 | 5 491 | 194 639 | 528 000 | 5 491 | 194 639 |
| Orion-Yhtymä Oyj | 873 116 | 63 736 | 119 123 | 873 116 | 63 736 | 119 123 |
| Raisio Yhtymä Oyj | 2 450 000 | 13 465 | 66 405 | 2 450 000 | 13 465 | 66 405 |
| Sonera Oyj | 282 500 | 12 713 | 114 301 | 282 500 | 12 713 | 114 301 |
| Helsingin Puhelin Oyj (ml.HPY Holding A) | 386 000 | 34 334 | 99 002 | 386 000 | 34 334 | 99 002 |
| Metsä-Serla Oyj | 1 246 000 | 34 706 | 84 026 | 1 246 000 | 34 706 | 84 026 |
| Instrumentarium Oyj | 411 982 | 49 673 | 79 365 | 411 982 | 49 673 | 79 365 |
| Uponor Oyj | 711 100 | 38 954 | 74 413 | 711 100 | 38 954 | 74 413 |
| Raisio-Yhtymä Oyj | 2 450 000 | 13 465 | 66 405 | 2 450 000 | 13 465 | 66 405 |
| Huhtamäki Van Leer Oyj | 318 441 | 47 147 | 63 617 | 318 441 | 47 147 | 63 617 |
| Kone Oyj | 217 146 | 34 566 | 63 134 | 217 146 | 34 566 | 63 134 |
| Lassila & Tikanoja Oyj | 432 440 | 33 898 | 62 994 | 432 440 | 33 898 | 62 994 |
| Kesko Oyj | 809 000 | 52 676 | 60 607 | 809 000 | 52 676 | 60 607 |
| Metra Oyj | 523 000 | 43 114 | 57 197 | 523 000 | 43 144 | 57 197 |
| Schibsted ASA | 477 000 | 27 157 | 50 567 | 477 000 | 27 157 | 50 567 |
| Fortum Oyj | 1 863 763 | 41 335 | 49 866 | 1 863 763 | 41 335 | 49 866 |
| Munters Ab | 708 000 | 29 584 | 49 655 | 708 000 | 29 584 | 49 655 |
| Sanoma-WSOY Oyj | 159 899 | 8 956 | 48 527 | 159 899 | 8 956 | 48 527 |
| Nokia Renkaat Oyj | 202 000 | 20 585 | 45 399 | 202 000 | 20 585 | 45 399 |
| Ericsson Ab | 120 000 | 14 495 | 44 330 | 120 000 | 14 495 | 44 330 |
| Perlos Oyj | 192 000 | 10 845 | 39 955 | 192 000 | 10 845 | 39 955 |
| Tamro Oyj | 2 204 075 | 39 839 | 39 839 | 2 204 075 | 39 839 | 39 839 |
| Lännen Tehtaat Oyj | 614 000 | 36 145 | 37 310 | 614 000 | 36 145 | 37 310 |
| Others | | 753 567 | 1 038 883 | | 756 601 | 1 040 698 |
| Total | | 1 572 192 | 3 757 401 | | 1 575 227 | 3 759 216 |

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| **8 Other investments** | | **1999** | **1998** | **1999** | **1998** |
| **8.1 Other loans as guaranteed** | | | | | |
| Bank guarantee | | 2 184 | 3 923 | 2 184 | 3 923 |
| Insurance policy | | 58 973 | 37 864 | 58 973 | 37 864 |
| Other security | | 275 109 | 163 745 | 275 109 | 163 745 |
| Remaining acquisition cost | | 336 266 | 205 532 | 336 266 | 205 532 |
| | | | | | |
| **8.2 Total amount of subordinated loan** | | | | | |
| Other loans | 1) | 130 021 | 130 000 | 130 021 | 130 000 |
| Remaining acquisition cost | | 130 021 | 130 000 | 130 021 | 130 000 |

1) Debitor: Tapiola Mutual Life Assurance Company
Terms: Interest is paid only out of the distributable means of the debitor.

**9 Change in tangible and intangible assets 31.12.1999**

| | Parent company | | | Group | | | |
|---|---|---|---|---|---|---|---|
| | **Intangible assets and long-term expenditure** | **Equipment** | **Total** | **Intangible assets and long-term expenditure** | **Consoli-dation goodwill** | **Equipment** | **Total** |
| Acquisition cost 1.1 | 95 580 | 114 731 | 210 311 | 104 576 | 1 534 | 176 549 | 282 658 |
| Fully depreciated in the previous year | -6 749 | - | -6 749 | -6 789 | - | -33 | -6 822 |
| Acquisitions | 23 453 | 17 722 | 41 175 | 26 849 | - | 41 563 | 68 411 |
| Sales and disposal | - | -600 | -600 | - | - | -600 | -600 |
| Acquisition cost 31.12 | 112 284 | 131 853 | 244 137 | 124 636 | 1 534 | 217 478 | 343 648 |
| | | | | | | | |
| Accumulated depreciations according to plan 1.1 | -42 153 | -96 769 | -138 922 | -42 672 | -920 | -113 278 | -156 870 |
| Fully depreciated in the previous year | 6 749 | - | 6 749 | 6 789 | - | 33 | 6 822 |
| Depreciations according to plan | -15 618 | -8 739 | -24 356 | -18 109 | -307 | -23 322 | -41 738 |
| Accumulated depreciations according to plan 31.12 | -51 022 | -105 508 | -156 530 | -53 992 | -1 227 | -136 567 | -191 785 |
| **Acquisition cost after depreciations according to plan 31.12** | **61 262** | **26 345** | **87 607** | **70 644** | **307** | **80 912** | **151 862** |
| | | | | | | | |
| Accumulated depreciations in excess of the plan 1.1 | - | 105 | 105 | - | - | 345 | 345 |
| Depreciations above/ below plan | - | -26 | -26 | - | - | -272 | -272 |
| Accumulated depreciations in excess of the plan 31.12 | - | 79 | 79 | - | - | 74 | 74 |
| Net expenditure after depreciations 31.12 | 61 262 | 26 424 | 87 686 | 70 644 | 307 | 80 986 | 151 936 |

1000 FIM

## 10 Change in capital and reserves

| Parent company | 1.1.1999 | Increase | Decrease | 31.12.1999 |
|---|---|---|---|---|
| **Restricted** | | | | |
| Equivalent funds | 40 879 | - | - | 40 879 |
| Guarantee capital | 10 500 | - | - | 10 500 |
| Revaluation reserve | 3 208 | - | - | 3 208 |
| | 54 587 | - | - | 54 587 |
| **Non-restricted** | | | | |
| Reserve fund | 100 | - | - | 100 |
| Security reserve | 274 910 | 151 500 | - | 426 410 |
| Contingency fund | 827 | 265 | -358 | 734 |
| Profit for the accounting period | 151 765 | 221 390 | -151 765 | 221 390 |
| | 427 602 | 373 155 | -152 123 | 648 634 |
| **Change in capital and reserves, total** | **482 189** | **373 155** | **-152 123** | **703 221** |

| Group | 1.1.1999 | Increase | Decrease | 31.12.1999 |
|---|---|---|---|---|
| **Restricted** | | | | |
| Equivalent funds | 40 879 | - | - | 40 879 |
| Guarantee capital | 10 500 | - | - | 10 500 |
| Revaluation reserve | 11 560 | 6 | - | 11 566 |
| | 62 940 | 6 | - | 62 945 |
| **Non-restricted** | | | | |
| Reserve fund | 172 | - | -72 | 100 |
| Security reserve | 274 910 | 151 500 | - | 426 410 |
| Contingency fund | 827 | 337 | -358 | 806 |
| Other free funds | 6 | - | -6 | - |
| Share of reserves and depreciation difference transferred to capital and reserve | 23 728 | 2 581 | - | 26 309 |
| Group loss for previous years | -24 684 | 153 794 | -154 024 | -24 914 |
| Profit for the accounting period | 153 794 | 222 580 | -153 794 | 222 580 |
| | 428 752 | 530 792 | -308 253 | 651 291 |
| **Change in capital and reserves, total** | **491 692** | **530 798** | **-308 253** | **714 236** |

| | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **Analysis of the revaluation reserve** | | | | |
| Revaluation reserve 1. 1 | 3 208 | 3 208 | 11 560 | 8 560 |
| Increase | - | - | 6 | 3 000 |
| Revaluation reserve 31.12 | 3 208 | 3 208 | 11 566 | 11 560 |
| of which related to fixed assets | 3 208 | 3 208 | 11 566 | 11 560 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| **11 Reserves** | **1999** | **1998** | **1999** | **1998** |
| **Group reserve** | | | | |
| Group reserve 1.1 | | | - | - |
| Increase | | | 926 | - |
| Group reserve 31.12 | | | 926 | - |
| **Depreciation difference** | | | | |
| Accumulated depreciation difference 1.1 | 23 902 | 23 623 | 29 591 | 26 800 |
| Increase | 198 | 338 | 11 607 | 2 790 |
| Decrease | - | -59 | -4 | - |
| Accumulated depreciation difference 31.12 | 24 100 | 23 902 | 41 193 | 29 591 |
| **Optional reserves** | | | | |
| Credit loss reserve 1.1 | 6 590 | 5 013 | 6 590 | 5 013 |
| Increase | 1 950 | 1 577 | 1 950 | 1 577 |
| Credit loss reserve 31.12 | 8 540 | 6 590 | 8 540 | 6 590 |
| Housing reserve 1.1 | - | - | 1 474 | 1 966 |
| Increase | - | - | 24 | 138 |
| Decrease | - | - | -475 | -585 |
| Housing reserve 31.12 | - | - | 1 023 | 1 519 |
| **Optional reserves, total 31.12** | **8 540** | **6 590** | **9 563** | **8 109** |
| **Reserves, total** | **32 641** | **30 492** | **51 683** | **37 700** |
| **Allocation** | | | | |
| Capital and reserve | | | -35 448 | -26 587 |
| Minority interest | | | -1 515 | -556 |
| Deferred tax | | | -14 719 | -10 556 |
| | | | 0 | 0 |

**12 Receivables and debts group companies and associated undertakings**

| | 1999 | 1998 |
|---|---|---|
| **12.1 Specification of receivables** | | |
| Group companies | | |
| Reinsurance | 4 251 | 100 |
| Other receivables | 69 533 | 32 371 |
| | 73 784 | 32 471 |
| Participating interests | | |
| Other receivables | 30 | - |
| | 30 | - |
| **12.2 Specification of loans** | | |
| Loans to group companies | | |
| Other loans | 30 394 | 11 095 |
| Participating interests | | |
| Other loans | 7 | - |
| | 30 401 | 11 095 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **13 Debts maturing after five years or later** | | | | |
| State-subsidized housing loans | - | - | 1 677 | 1 796 |
| Mortgage loans | - | - | 7 988 | 2 151 |
| Pension loans | - | - | 666 | - |
| Other loans | - | - | 18 706 | 19 568 |
| | - | - | 29 037 | 23 515 |
| **14 Provision for outstanding claims** | | | | |
| Undisputed recource receivables deducted from the provision for outstanding claims | | | | |
| Statutory accident | 6 906 | 8 097 | 6 906 | 8 097 |
| **15 Net contingent liabilities and pledged assets** | | | | |
| Mortgages given | | | | |
| Liability coverage | - | - | 202 246 | 64 010 |
| Amount of liability | - | - | 175 693 | 52 918 |
| Other liability coverage | - | - | 7 000 | - |
| Amount of liability | - | - | 3 295 | - |
| Assets pledged | | | | |
| Liability coverage | 19 730 | 2 310 | 19 730 | 9 745 |
| Amount of liability | 130 860 | 2 263 | 130 860 | 9 529 |
| Suretyship | | | | |
| Liability coverage | 1 835 | - | 10 092 | - |
| Amount of liability | 1 699 | - | 9 470 | - |
| Derivates | | | | |
| Share derivates | | | | |
| Forward agreements | | | | |
| Underlying instrument | 121 920 | 9 611 | 121 920 | 9 611 |
| Current value | 161 860 | 5 600 | 161 860 | 5 600 |
| Index option contracts | | | | |
| Purchased | | | | |
| Book value of premiums | 1 098 | - | 1 098 | - |
| Current value of premiums | 1 098 | - | 1 098 | - |
| Drawn | | | | |
| Book value of premiums | 100 | - | 100 | - |
| Current value of premiums | 74 | - | 74 | - |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| Security loan contracts | | | | |
| Securities loaned | | | | |
| Book value | 6 069 | - | 6 069 | - |
| Current value | 130 860 | - | 130 860 | - |
| Other liability | | | | |
| Subscription commitments | 12 712 | 38 357 | 12 712 | 38 357 |
| Amounts to be paid on leasing contracts | | | | |
| To be paid in the financial period 1999 | | | 991 | |
| To be paid in 2000 | | | 5 346 | |
| To be paid later | | | 15 633 | |
| Total | | | 21 970 | |

The leasing contracts are made as well for three as for five years without redemption clause.

## 16 Insider loans

16.1 Monetary loans to a managing director, board member, supervisory board member, or auditor of the insurance company, a corporation or foundation belonging to the group, a corporation or foundation exercising authority in the insurance company, or a corporation or foundation exercising authority in such a corporation or foundation

The loans do not exceed FIM 1 000 000.00

16.2 Monetary loans to a party who, on the basis of guarantee share ownership, can have at least 10 per cent of the insurance company' s guarantee shares or voting rights conferred by guarantee shares or the same proportion of ownership or voting power in a corporation belonging to the same group as the insurance company

Monetary loans totally FIM 130 000 000.00

# Key Figures pertaining to Solvency

| 1000 FIM | Parent company | |
|---|---|---|
| | 1999 | 1998 |
| **Solvency margin** | | |
| Capital and reserves after profit distribution | 703 221 | 482 189 |
| Optional reserves and accumulated depreciation difference | 32 640 | 30 492 |
| Valuation difference between current asset values and book values on the balance sheet | 2 890 499 | 1 848 141 |
| Intangible assets and insurance acquisition costs not entered as expenses (-) | -61 262 | -53 427 |
| Off-balance-sheet commitments | -39 939 | - |
| | 3 525 159 | 2 307 395 |
| Solvency margin required under the Insurance Companies Act, Chapter 11, Section 2 | 339 378 | 319 492 |
| Equalization provision included in the technical provisions for years in which there are exceptionally large losses | 2 192 063 | 2 180 125 |
| Equalization provision in proportion to its full amount (%) | 111.0 | 123.0 |
| The solvency margin and the equalization provision in proportion to net premiums earned over the preceding 12 months (%) | | |
| - 1999 | 305.0 | |
| - 1998 | 254.0 | |
| - 1997 | 242.0 | |
| - 1996 | 222.0 | |
| - 1995 | 184.0 | |
| The solvency margin and the equalization provision in proportion to technical provisions, net of reinsurance and reduced by the amount of the equalization provision (%) | | |
| - 1999 | 151.0 | |
| - 1998 | 134.0 | |
| - 1997 | 123.0 | |
| - 1996 | 115.0 | |
| - 1995 | 100.0 | |

# Proposal for the Appropriation of Profit

The Board of Directors proposes that the profit of
the accounting period in the amount of FIM 221 389 900.22
be appropriated as follows:

| | |
|---|---|
| Transfer to security reserve | 221 000 000.00 |
| Transfer to the contingency reserve | 389 900.22 |
| | 221 389 900.22 |

If the Board of Directors' proposal for the appropriation of profits is approved, the company' s capital and reserves will be as follows:

| | | |
|---|---|---|
| Restricted capital and reserve | | |
| Equivalent funds | 40 879 314.40 | |
| Guarantee capital | 10 500 000.00 | |
| Revaluation reserve | 3 207 589.10 | 54 586 903.50 |
| Non-restricted capital and reserve | | |
| Reserve fund | 100 000.00 | |
| Security reserve | 647 410 000.00 | |
| Contingency reserve | 1 123 785.91 | 648 633 785.91 |
| | | 703 220 689.41 |

Espoo, 3rd April 2000

Asmo Kalpala

Pertti Heikkala

Juhani Heiskanen

Pentti Koskinen

Tom Liljeström

# Auditors' report

**To the owners of Tapiola General Mutual Insurance Company**

We have examined the bookkeeping, financial statements and administration of Tapiola General Mutual Insurance Company for the 1999 financial year. The financial statements prepared by the Board of Directors and the Managing Director include an annual report, consolidated and parent company income statements and balance sheets, and appendices to the financial statements. On the basis of the audit, we hereby issue the following statement on the financial statements and administration.

Mr Mauno Tervo, C.P.A., has performed the supervisory audit of the company and a separate report was issued on 13th April 2000.

The bookkeeping as well as the principles, content and presentation of the financial statements have been examined in accordance with generally accepted auditing principles. In our examination of the administration, we have determined that the members of the Board and the Supervisory Board and the Managing Director have acted in accordance with the law.

The financial statements, which show a surplus for the parent company amounting to FIM 221,389,900.22 have been prepared in accordance with both the Bookkeeping Act and other rules and regulations concerning the preparations of financial statements. The financial statements provide, in the manner prescribed in the Bookkeeping Act, accurate and adequate information on the performance and financial standing of both the group and the parent company.

The financial statements of the parent company together with its consolidated financial statements can be adopted. The members of the Supervisory Board and the Board of Directors and the Managing Director may be discharged from responsibility for the financial year covered by our audit.

The proposal by the Board of Directors on the appropriation of the surplus is in accordance with the law.

Espoo, 27th April, 2000

SVH Pricewaterhouse Coopers Oy
firm of certified public accountants

**Mauno Tervo**
C.P.A.

**Ulla Holmström**
C.P.A.

# Report by the Supervisory Board

Having examined the financial statements, the consolidated financial statements and the auditors' report for 1999 financial year, the Supervisory Board recommends that the financial statements and its consolidated financial statements can be adopted.

Espoo, 4th May 2000

**Jarno Mäki**
chairman

# Tapiola Mutual Pension Insurance Company

Annual report 1999

TAPIOLA

Review by the managing director

# Further growth for Tapiola Pension

Tapiola Pension strengthened its market position in 1999. The market share rose to 14.4 per cent. The strong growth in insurances in accordance with the Self-Employed Persons' Pensions Act (YEL) was particularly gratifying. The YEL insurance portfolio grew by over 1,700 self-employed customers. A service concept developed for corporate customers in which all insurance matters concerning a customer are channelled through one contact person turned out to be a success. The Enterprise Tapiola concept will be further developed to ensure customers receive the best possible service.

A package of new laws concerning the employment pension scheme came into force at the beginning of 2000. This development increased the work load and need for training towards the end of 1999. The main aim of the legislative package is to encourage people to remain in work and to discourage early retirement. The prerequisites for the employment of elderly people were also improved.

The key legislative changes were the removal of the future time requirement for the unemployment pension, the possibility to receive the unemployment pension also as a paid-up pension, the raising of the age limit for the early disability pension from 58 years to 60 years, continuation of the 56-year-old age limit for the part-time pension until the year 2002, and reduction of the old age pension's deduction for retiring early and increment for retiring late.

A comprehensive rehabilitation programme was launched in accordance with an agreement made by the labour market organisations. This programme will affect the assessment of fitness for work, the need and opportunities for rehabilitation, and also the transparency and allocation of rehabilitation and pension solutions.

The number of applications rose the most in disability pensions, early disability pensions, rehabilitation support and part-time pensions.

The emphasis in investments was on stability, and the desired result of good, steady and predictable growth was achieved. Investments in securities continued to be distributed chiefly among bonds and securities in the euro area. The rise of listed share prices provided an opportunity for substantial realised gains on investments. The demand for pension fund loans was minimal, and the share of such lending in the company's investment portfolio continued to decline. The emphasis in new customer financing was on comprehensive solutions tailored to the needs of individual customers. In investments in land and buildings the focus was on the implementation of investment decisions made earlier.

The method of determining the discounts given to customers was changed. In the new method the solvency position determines the upper and lower limits between which the magnitude of the transfer can be decided in accordance with the company's bonus policy. The advantage of the new method is that value changes having an impact on the result no longer have such a marked influence on the bonuses as they used to with the old method. This also makes it possible to set the technical interest rate at a higher level than was possible in the past.

Rules governing the representation of employees at the Annual General Meeting were developed during the year. Useful discussions with labour market organisations were an important aspect of the preparatory work on these rules. The Board of Directors have prepared a proposal concerning this matter for presentation to the Annual General Meeting in May.

Tom Liljeström
*managing director*
*Tapiola Pension*

# Administration and Auditors

## SUPERVISORY BOARD

The term commences at the AGM

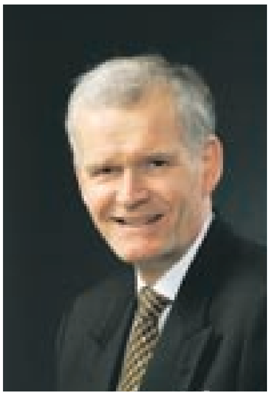
**Ilkka Brotherus** 1998-2001
chairman,
managing director, Hausjärvi
**Antti Oksanen** 1998-2001
deputy chairman,
mining councilor, Espoo
**Hannu Aho** 1999-2002
member of parliament, Perho
**Veikko Autio** 1999-2002
mining councilor, Turku
**Reino Hanhinen** 1998-2001
mining councilor, Espoo
**Risto Ikäheimo** 1997-2000
development manager, Helsinki
**Pekka Kaikkonen** 1999-2000
managing director, Kouvola
**Olli Karkkila** 1997-2000
managing director, Säkylä
**Timo Kauranen** 1999-2001
managing director, Helsinki
**Jarmo Koski** 1999-2002
II secretary, Helsinki
**Eero Kurri** 1997-2000
managing director, Helsinki
**Veikko Laine** 1997-2000
chairman, Vantaa
**Leo Laukkanen** 1999-2002
commercial councilor, Mikkeli
**Rauno Lehtimäki** 1999-2002
managing director, Hämeenlinna
**Pentti Levo** 1998-2001
chairman, Helsinki
**Erkki Luhta** 1998-2001
director, Vaasa
**Paavo Mäkinen** 1998-2001
operations manager, Järvenpää
**Erkki Niemi** 1999-2002
managing director, Lahti
**Siiri Nuutinen** 1997-2000
chief shop steward, Helsinki
**Risto Pieviläinen** 1999-2002
social secretary, Helsinki
**Heikki Pitkänen** 1997-2000
director, Helsinki
**Olli Saariaho** 1998-2001
research manager, Helsinki
**Matti Salminen** 1997-2000
mining councilor, Turku
**Tapio Salomaa** 1999-2002
foreman, Kokemäki
**Tuomo Saloniemi** 1998-2001
B.Sc. (Agriculture), Nummi-Pusula
**Mikko Suotsalo** 1997-2000
managing director, Helsinki
**Jouko Vehmas** 1997-2000
managing director, Kouvola
**Mauri Waenerberg** 1999-2002
secretary general, Helsinki

## AUDITORS

**Mauno Tervo**
B.Sc. (Econ.), C.P.A.
**SVH PricewaterhouseCoopers Oy,**
firm of certified public accountants,
responsible auditor
**Ulla Holmström,** B.Sc. (Econ,), C.P.A.

Deputy auditors
**Jari Miikkulainen,** M.Sc. (Econ.), C.P.A.
**Mirja Tonteri,** B.Sc. (Econ.). C.P.A.

## BOARD OF DIRECTORS

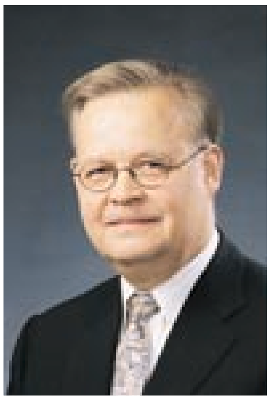


**Asmo Kalpala** (b. 1950) chairman, Master of Economic Sciences. Chairman of the boards of Tapiola General, Tapiola Life and Tapiola Pension since 1987 and president since 1994; chairman of the board and president of Tapiola Corporate Life since 1994.
Chairman of the board of directors and board of management of the Federation of Finnish Insurance Companies since 2000.
Member of the board of the Insurance Employers' Association since 1988.
Member of the board of Metsä-Serla since 1990.
Deputy chairman of the board of YIT Corporation since 2000.
Deputy chairman of the supervisory board of Turva Insurance since 1995.
Member of the board of LTT-Tutkimus since 1988.

**Pertti Heikkala** (b. 1940) deputy chairman, Master of Economic Sciences.
Managing director of Tapiola General since 1994.
Deputy chairman of the boards of Tapiola Pension and Tapiola Life since 1988; deputy chairman of the board of Tapiola Corporate Life since 1994.
Chairman of the board of the Federation of Accident Insurance Institutions since 1999.
Chairman of the Finnish Motor Insurers' Bureau since 1998.
Deputy chairman of the board of Turva Insurance since 1996.

**Esa Härmälä** (b. 1954) Master of Agriculture.
Chairman of the management board of the Central Union of Agricultural Producers and Forest Owners (MTK) since 1994.

**Eeva-Liisa Inkeroinen** (b. 1963)
Master of Laws.
Director of the Labour Market Policy Unit of the Employers' Confederation of Service Industries in Finland since 1997.



**Pauli Leimio** (b. 1940)
Until 31.12.1999.
Managing director of Yhtyneet Kuvalehdet since 1985
Managing director of Suuri Suomalainen Kirjakerho since 1988

**Ismo Luimula** (b. 1945)
Master of Social Sciences
Economist of the Central Organisation of Finnish Trade Unions (SAK) since 1970.
Member of the supervisory board of Finnvera since 1998.
Member of the board of the Labour Institute for Economic Research since 1988.

**Maj-Len Remahl** (b. 1942)
Chairman of the Union of Commercial Employees in Finland since 1987.
Member of the board and executive committee of the Central Organisation of Finnish Trade Unions (SAK) since 1986.
Chairman of the International Federation of Commercial, Clerical, Professional and Technical Employees (FIET), 1999-2000.
Deputy chairman of the Union Network International (UNI) since 2000.
Member of the board of management of the Labour Institute for Economic Research since 1996.

**Veikko Simpanen** (b. 1942)
Social secretary of the Finnish Confederation of Salaried Employees (STTK) since 1979.
Member of the board of the Federation of Accident Insurance Institutions since 1986.
Member of the board of the Central Pension Security Institute since 1998.
Member of the board of ETEK Employment Pension Fund since 1998.
Member of the board of the Helsinki and Uusimaa Hospital District since 2000.

**Risto Suominen** (b. 1947)
Licentiate of Political Sciences.
Managing director of the Federation of Finnish Enterprises since 1996.
Member of the board of the Central Pension Security Institute since 1998.
Member of the board of Finnvera since 1996.

**Matti Sutinen** (b. 1942)
Master of Engineering Sciences.
Managing director of the Federation of the Printing Industry in Finland sinces 1987.

**Aino Toikka** (b. 1947)
Master of Philosophy.
Personnel director of SOK Corporation since 1991.
Member of the board of the Commercial Employers' Association since 1991.
Deputy chairman of the board of management of the Finnish Business College since 1995.
Member of the board of the Finnish Employers' Management Development Institute (FEMDI) since 2000.

**Pauli Torkko** (b. 1947)
Licentiate of Economic Sciences.
Deputy managing director of Orion-yhtymä, since 1984.
Member of the board of Orion-yhtymä since 1987.
Chairman of the board of the Salaried Staff's Pension Foundation of Orion-yhtymä since 1991.
Member of the board of the Chemical Industry Association, 1993, and chairman of the Labour Market Advisory Committee since 1997.

## DEPUTY MEMBERS

**Kari Kaukinen** (b. 1944)
Consultant (general medicine).
Consultant (occupational health care).
Specialist in insurance medicine.
Medical expert of the Confederation of Finnish Industry and Employers (TT) and the Employers' Confederation of Service Industries in Finland since 1995.
Senior consultant to Diacor terveyspalvelut since 1990.
Member of the board of the Finnish Work Environment Fund since 1995.
Member of the board of management of the Institute of Occupational Health since 1995.
Member of the Merikoski board of the Association of the Pulmonary Disabled since 1998.
Member of the board of the Rehabilitation Foundation since 1995.

**Seppo Maskonen** (b. 1945)
Master of Political Sciences.
Managing Director of Suomenmaa-yhtiöt since 1975.

**Pekka Rinne** (b. 1944)
Master of Agriculture.
Agricultural Counsellor.
Director of the Finnish Association of Academic Agronomists since 1982.
Deputy chairman of the board of the Confederation of Unions for Academic Professionals in Finland (AKAVA) since 1988. Farmer in Halikko since 1969.

**Seppo Salisma** (b. 1948)
Master of Laws.
Managing director of Turva Insurance since 1998.
Member of the board of the Federation of Finnish Insurance Companies since 1998.
Deputy chairman of the supervisory board of Tampereen Seudun Osuuspankki since 1994.
Member of the supervisory board of Tampereen Puhelin since 2000.
Member of the board of Pikespo Invest since 1998.

# ANNUAL REPORT 1999

***Tapiola Pension enjoyed its third consecutive year of growth in 1999: the market share in gross premiums written rose from 13.7% to 14.4 per cent. Despite this growth, the company's result improved from FIM 484 million to FIM 541 million. As in the previous year, the company's solvency exceeded the minimum requirement by a factor of 3.2.***
In the future Tapiola Pension will focus on the Enterprise Tapiola concept which besides pension insurance also includes non-life and life insurance services and corporate financing services.

Preparatory work on the IT system changes necessitated by the turn of the millennium began in Tapiola as far back as at the end of 1996. Most of the necessary modifications were made over the following two years, and all of the work was completed by the end of 1999. A comprehensive programme of system tests and trial runs was carried out to ensure the millennium compliance of Tapiola's business operations. No problems were encountered in connection with the new millennium.

The changes required by the introduction of the euro are being planned and co-ordinated by the Euro project, which was set up for that specific purpose in 1997. The project has already designed the necessary technical solutions, clarified and scheduled the required measures and actions, and assessed the amount of work needed to modify all of the affected systems. Over the period 1998-2002, a total of 116 man-years of work will be needed to prepare the companies of the Tapiola Insurance Group for the introduction of the euro. The plans have therefore been made to ensure a smooth and flexible transition to the new currency.

The level of the TEL (Employees' Pensions Act) pension insurance premium remained unchanged and averaged 21.5 per cent, which includes a 4.7 percentage point premium contribution from employees. The level of the YEL (Self-employed Persons' Pensions Act) pension insurance premium fell by 0.1 of a percentage point to 21.0 per cent.

**Development of Tapiola Pension's insurance portfolio:**

| | No. at 31.12. 99 | change % |
|---|---|---|
| Insured under TEL | 150,553 | + 9.6 |
| Insured under YEL | 34,557 | + 7.1 |
| Insured under additional TEL | 6,040 | –10.9 |
| Insured under additional YEL | 77 | –2.5 |
| TEL pensions to be paid | 70,230 | + 2.8 |
| YEL pensions to be paid | 16,247 | + 2.4 |
| Pension applications in 1998 | 7,712 | + 13.6 |

## INSURANCE

**Premiums written** Tapiola Pension's gross premiums written were FIM 4,614 million, which was 15.6% higher than the premiums written for statutory employment pension insurance in 1998. The company's market share rose by 0.7 of a percentage point.

Credit losses on premiums due were FIM 32 million, which was FIM 2 million more than in the previous year. TEL and YEL insurances accounted for FIM 31 million and FIM 1 million of the credit losses, respectively.

**Claims paid** Tapiola Pension paid out pensions totalling FIM 3,593 million, which was FIM 395 million or 12.4% higher than in the previous year.

The 1999 index increments on TEL and YEL pensions were 1.6% for over-65-year-olds and 2.4% for under-65-year-olds.

## INVESTMENTS

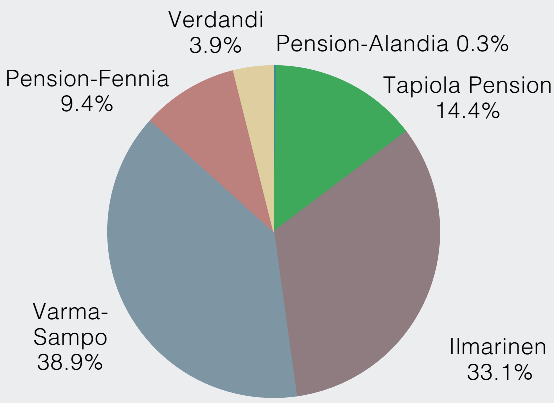
Net investment income was FIM 1,159 million, which was 5.8% higher than in the previous year. Net interest and other income was FIM 841 million, 23.0% lower than in 1998.

Net realised gains on investments were FIM 201 million, compared with a net loss of FIM 43 million in the previous year.

The writedown in respect of investments was

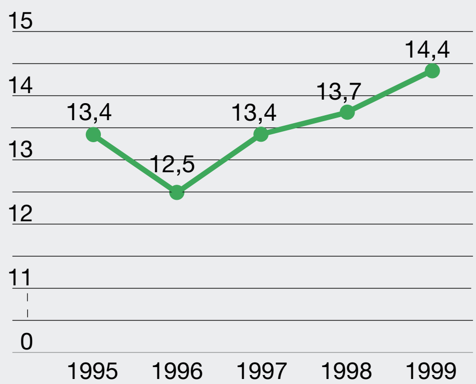
**Market shares 1999**

Preliminary data TEL (employees' pensions) and YEL (self-employed persons' pension). Premiums written FIM 31.7 billion



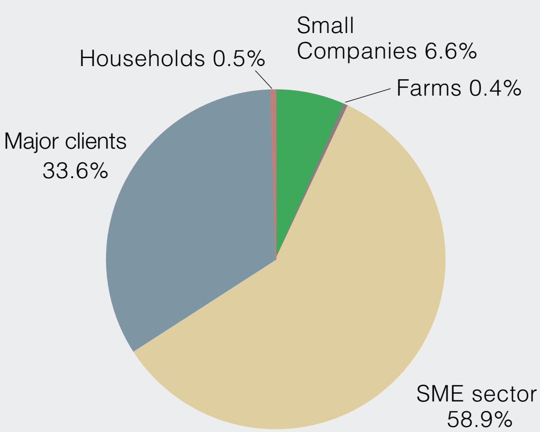

**Tapiola Pension**

TEL- and YEL-insurance




**Tapiola Pension**

Premiums written by customer group 1999




FIM 46 million, of which FIM 33 million was made in respect of shares and FIM 13 million in respect of land and buildings.

Cancellations of writedowns on investments were FIM 33 million.

The book and current values of the company's investment assets at the end of the year were FIM 20,897 million and FIM 22,753 million, respectively.

### OPERATING EXPENSES

Net operating expenses reported on the Profit and Loss Account are FIM 90 million, which is FIM 6 million more than in the previous year. Gross operating expenses include depreciation items totalling FIM 8 million, and appropriate proportions have been allocated to claims incurred and investment charges. Salaries and commissions grew by 7.7% compared with the previous year. Business procurement expenses were 15.6% higher than in the previous year.

Statutory charges were FIM +3 million.

Most of the staff are employed not only by the company but also by Tapiola General Mutual Insurance Company and Tapiola Mutual Life Assurance Company. The company's Managing Director, director and members of the investment management committee as well as other personnel making investment decisions or related preparatory work are employed solely by the company. The payments for services produced using shared resources are included in the company's operating expenses under the same items as would have been used if the staff had been directly employed by Tapiola Pension.

Salaries and commissions paid to members of the Supervisory Board, the Board of Directors and the Managing Director totalled FIM 1,082,697.00. Other salaries and commissions amounted to FIM 43,928,758.98. The total salaries and commissions figure was FIM 45,011,455.98.

### RESULT FOR THE ACCOUNTING PERIOD

The company's FIM 541 million result can be regarded as good. The result was FIM 650 million if the change in valuation items is taken into consideration. The corresponding results in 1998 were FIM 484 million and FIM 1,236 million, respectively.

The underwriting result, which describes purely insurance operations, was FIM 255 million compared with FIM 249 million in the previous year. The result of the premium loss business was a surplus of FIM 44 million. The remainder of the underwriting result was FIM 211 million, compared with FIM 205 million in the previous year.

The administrative cost surplus, which describes the company's cost efficiency, was FIM 45 million, whereas in the previous year it was FIM 38 million. Taking into account writedowns and their cancellations, the investment surplus was FIM 241 million, compared with FIM 197 million in the previous year.

The combined total of the administrative cost surplus and the investment surplus was therefore FIM 286 million. The corresponding figure for the previous year was a surplus of FIM 235 million. The amount set aside out of the result for premium discounts to customers was FIM 90 million.

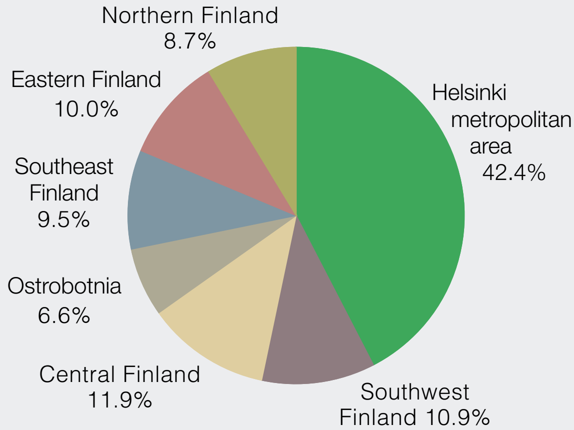
The company's solvency margin is 19.9% of the technical provisions less certain items specified in the statute. The solvency limit defined on the basis of the structure of the company's investment portfolio is 6.2% of the above-mentioned technical provisions, so the company's solvency exceeds the required level by a factor of 3.2. The company's high level of solvency will ensure that policyholders receive good premium discounts also in future years.

The amount allocated out of the additional benefits provision for premium discounts to customers was FIM 238 million at the end of the year, and in the year 2000 about FIM 120 million will be used for TEL premium discounts. FIM 576 million was transferred to the unallocated provision for additional benefits from the difference between the technical interest rate and the fund interest rate in order to raise the company's solvency. The unallocated provision for additional benefits was FIM 1,968 million at the end of 1999.

The current value of the company's assets has been assessed in the financial statements by adhering to a conservative valuation principle. The procedure is described in greater detail in the accounting principles of the financial statements.

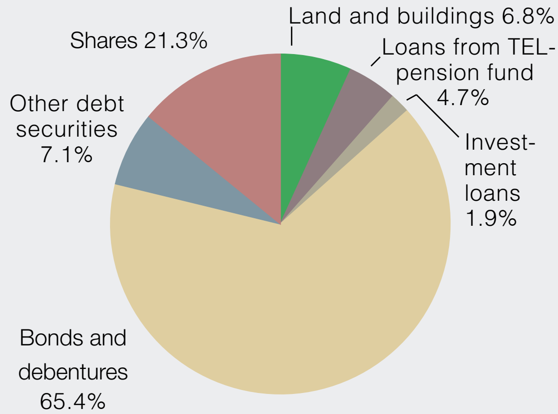
**Tapiola Pension**

Premiums written by geographical area 1999
Based on domicile of policyholders
including major client



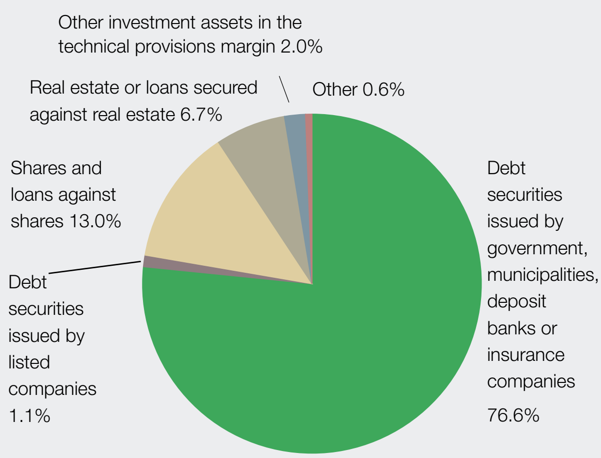

**Tapiola Pension**
**Investment assets**

Current value at 31.12.1999 FIM 22 753 Mio



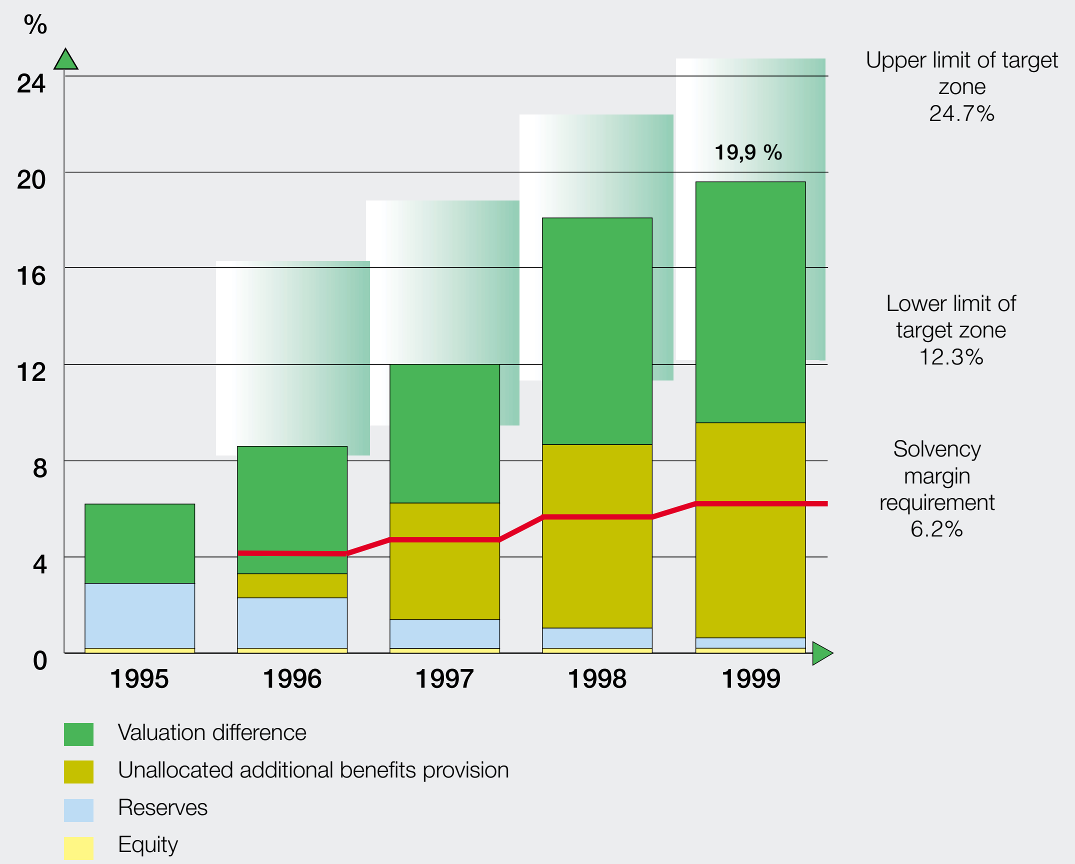

**Tapiola Pension**
**Investment risk profile**

Current value 31.12.1999




*The categories are the same as in the regulations concerning the technical provisions margin.*

# DEVELOPMENT OF SOLVENCY IN RELATION TO TECHNICAL PROVISION



Depreciation of FIM 8 million was charged according to plan. The full amount of depreciation permitted under the Business Taxation Act was charged. The credit loss reserve was increased to its maximum amount. However, it was lowered by FIM 37 million because of the reduced loan portfolio.

The company's share of the profit-sharing payment transferred to the Staff Fund of the Tapiola Insurance Group was FIM 559,000.00. It has been calculated according to the maximum amount and is included in the Profit and Loss Account under other expenses.

The Profit and Loss Account shows a surplus of FIM 4,549,487.49. The Board of Directors recommends that the surplus be appropriated so that FIM 4,540,000.00 is transferred to the security reserve and FIM 9,487.49 is transferred to the contingency reserve. The Balance Sheet shows assets totalling FIM 22,386,039,588.31, compared with FIM 20,379,322,620.49 at the end of the previous year.

## CONSOLIDATED FINANCIAL STATEMENTS

The Tapiola Pension Group comprised the parent company, Tapiola Mutual Pension Insurance Company, and 44 housing and real estate companies as subsidiaries.

The group has acquired three subsidiaries and disposed of one subsidiary during the course of the accounting period.

The associated companies of the group were Tapiola Book Entry Securities, Vakuutusneuvonta Aura Oy, Vakuutusneuvonta Pohja Oy and Suomen Metsäsijoitus.

## INSURANCE

**Premiums written** The group's gross premiums written were FIM 4,614 million, which was 15.6% higher than in 1998.

**Pensions paid** The group paid out pensions totalling FIM 3,593 million, which was 12.4% higher than in the previous year.

## INVESTMENTS

Net investment income was FIM 1,154 million, which was 6.6% higher than in the previous year. Writedowns totalled FIM 57 and cancellations of writedowns made in previous years were FIM 37 million. Realised capital gains and losses were FIM 211 million and FIM 9 million, respectively.

The book and current values of the group's investment assets at the end of the year were FIM 21,061 million and FIM 22,961 million, respectively.

## OPERATING EXPENSES

The group's operating expenses were FIM 90 million and statutory charges FIM 3 million. Salaries and commissions rose by 7.7 per cent.

## CLOSING OF THE ACCOUNTS

The group's result of FIM 540 million was good. Depreciation of FIM 49 million was charged according to plan and included depreciation of FIM 0.2 million on consolidated goodwill. The credit loss reserve was lowered by FIM 37 million because of the reduced loan portfolio. The reserve was in accordance with its full amount.

The loss for the accounting period was FIM 14,707,707.69 and the Consolidated Balance Sheet showed assets totalling FIM 22,541,003,665.64.

# SOLVENCY

| FIM Mio | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|
| SOLVENCY MARGIN | | | | | |
| Reserves | 116 | 153 | 204 | 336 | 408 |
| Unallocated additional benefits provision | 1 968 | 1 391 | 823 | 169 | - |
| Equity | 41 | 36 | 33 | 30 | 27 |
| Valuation differences | 1 856 | 1 720 | 978 | 878 | 495 |
| SOLVENCY MARGIN TOTAL | 3 932 | 3 301 | 2 038 | 1 403 | 930 |
| EQUALIZATION PROVISION | 1 163 | 908 | 648 | 465 | 175 |
| ALLOCATED ADDITIONAL BENEFITS PROVISION | | | | | |
| Allocated additional benefits provision 1.1. | 319 | 325 | 313 | 259 | 163 |
| Bonuses paid during accounting year | –170 | –105 | -91 | -59 | -70 |
| Transfer to customer bonuses | 90 | 99 | 103 | 113 | 166 |
| Allocated additional benefits 31.12. | 238 | 319 | 325 | 313 | 259 |
| Transfer in percentage of salaries | 0.48 | 0.59 | 0.68 | 0.82 | 1.30 |
| Per continuous employment, FIM | 598 | 724 | 780 | 940 | 1 440 |

# PERFORMANCE ANALYSIS

| FIM Mio | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|
| SOURCES OF SURPLUS | | | | | |
| Risk business result | 255 | 249 | 194 | 191 | 141 |
| Investment result | 241 | 197 | 225 | 183 | 220 |
| Administration costs result | 45 | 38 | 35 | 30 | 28 |
| TOTAL SURPLUS | 541 | 484 | 455 | 404 | 389 |
| Change in valuation differences | 109 | 742 | 87 | 400 | 445 |
| TOTAL | 650 | 1 226 | 541 | 804 | 834 |
| | | | | | |
| USE OF RESULT FOR STRENGTHENING OF THE SOLVENCY | | | | | |
| Transfer to equalization provision | 255 | 249 | 194 | 191 | 206 |
| Transfer to reserves | –37 | –51 | -132 | -72 | 14 |
| Transfer to unallocated additional benefits provision | 229 | 183 | 286 | 169 | - |
| Transfer to equity | 5 | 4 | 3 | 3 | 3 |
| Change in valuation differences | 109 | 742 | 87 | 400 | 445 |
| TRANSFER TO CUSTOMER BONUSES | 90 | 99 | 103 | 113 | 166 |
| TOTAL | 650 | 1 226 | 541 | 804 | 834 |

# Specification of result

| FIM Mio | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|
| Administration costs in premium | 150 | 134 | 123 | 110 | 105 |
| Other income | 2 | 4 | 3 | 3 | 4 |
| Function-specific operating costs | –106 | –99 | -90 | -79 | -79 |
| Taxes | 0 | 0 | 0 | -1 | -1 |
| Other expenses | –1 | –1 | -1 | -4 | -1 |
| ADMINISTRATION COST RESULT | 45 | 38 | 35 | 30 | 28 |
| Direct income | 1 098 | 1 265 | | | |
| Direct costs | –115 | –89 | | | |
| Investment operating costs | –12 | –10 | | | |
| Taxes | –8 | –2 | | | |
| Gains on realisation of investments | 210 | 28 | | | |
| Value re-adjustments | 33 | 11 | | | |
| Losses on realisation of investment | –9 | –71 | | | |
| Depreciations | –45 | –38 | | | |
| Net investment income | 0 | 0 | | | |
| Net investment income | 1 151 | 1 094 | 1 051 | 1 045 | 1 021 |
| Other interest income | 38 | 52 | 70 | 55 | 77 |
| Interest on provision for outstanding claims | –948 | –948 | -896 | -917 | -878 |
| INVESTMENT RESULT | 241 | 197 | 225 | 183 | 220 |

# Key financial indicators

| | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|
| SCALE OF OPERATIONS | | | | | |
| Gross premiums written, FIM Mio | 4 614 | 3 992 | 3 444 | 3 151 | 3 010 |
| Turnover, FIM Mio | 5 933 | 5 302 | 4 628 | 4 323 | 4 153 |
| Provision for outstanding claims, FIM Mio | 22 056 | 20 071 | 18 322 | 16 486 | 15 124 |
| Balance sheet total, FIM Mio | 24 441 | 20 379 | 18 645 | 16 925 | 15 673 |
| TEL-salaries, FIM Mio | 18 888 | 16 808 | 15 155 | 13 688 | 12 712 |
| | | | | | |
| EFFICIENCY | | | | | |
| Operating costs, FIM Mio | 107 | 99 | 90 | 78 | 79 |
| % of loading income | 70.2 | 72.7 | 72.0 | 73.6 | 74.1 |
| % of premiums written | 2.3 | 2.5 | 2.7 | 2.6 | 2.7 |

# NET INVESTMENT INCOME 1.1 – 31.12.1999

| INVESTMENT FIM Mio | Direct yield 1) | Change in value on profit and loss account | Total | Book value (annual average) 2) | Yield % on book value | Change in valuation diffe-rences | Total yield | Current value (annual average) 2) | Yield % on current value |
|---|---|---|---|---|---|---|---|---|---|
| Loans | 97 | 0 | 96 | 1 824 | 5.3 | 0 | 96 | 1 824 | 5.3 |
| Short investments | 674 | 6 | 679 | 13 853 | 4.9 | -850 | -171 | 13 003 | -1.3 |
| Bonds and debentures | 63 | 0 | 63 | 2 126 | 3.0 | 0 | 63 | 2 126 | 3.0 |
| Shares | 76 | 194 | 269 | 1 578 | 17.1 | 952 | 1 221 | 2 530 | 48.3 |
| Real estate | 54 | -11 | 43 | 1 412 | 3.1 | 10 | 53 | 1 500 | 3.5 |
| Operating costs, investments | | | -12 | | | | | | |
| TOTAL INVESTMENTS | 963 | 188 | 1 139 | 20 793 | 5.5 | 112 | 1 251 | 20 983 | 6.0 |
| Other coverage 3) | | | 50 | | | | | | |
| INVESTMENT INCOME TOTAL | | | 1 189 | | | | | | |
| Interest requirement on technical provisions | | | 948 | | | | | | |
| INVESTMENT SURPLUS | | | 241 | | | | | | |

1) Including interest, dividends and rents without direct costs
2) Annual and month average of investments
3) Including such interest items of the profit and loss account not entered in yields or undirectable to investment class

# REAL ESTATE PORTFOLIO, INCOME AND VACANT PREMISES AT 31.12.1999

Real estate portfolio, FIM 1 000

| | |
|---|---|
| Current value | 1 618 517 |
| Book value and loans | 1 525 400 |
| Valuation difference | 93 117 |

| Type of real estate | Current value FIM 1 000 | Current value FIM/m² | Net yield FIM 1 000 | Net yield % | Potential net yield*) | Vacant floor area, m² | Vacancy rate |
|---|---|---|---|---|---|---|---|
| Non-residential premises | | | | | | | |
| Commercial and office premises | | | | | | | |
| - rented to outside parties | 595 504 | 10 030 | 44 018 | 7,4 | 7,5 | 59 371 | 1,9 |
| - in own use **) | 35 224 | 7 964 | 3 362 | 9,5 | 9,5 | 4 423 | 0,0 |
| Idustrial premises | 120 121 | 3 537 | 7 665 | 6,4 | 6,4 | 33 965 | 0,6 |
| Total | 750 849 | 7 681 | 55 045 | 7,3 | 7,4 | 97 759 | 1,4 |
| Residential buildings ***) | 358 377 | 7 524 | 25 952 | 7,2 | 7,6 | 47 631 | 6,6 |
| Other properties and premises | | | | | | | |
| Under construction and acquired mid-year | 428 799 | | | | | | |
| Undeveloped plots | 34 040 | | | | | | |
| Shares in real estate investment companies | 46 452 | | | | | | |
| Total | 509 291 | | | | | 47 792 | |
| REAL ESTATE PORTFOLIO | 1 618 517 | | | | | 193 182 | |

*) The potential net yield is augmented by imputed gross rent forthe vacant premises, which averages FIM 45/m²/month

**) The imputed gross rent for premises in Tapiola's own use averages FIM 75/m²/month

***) The net income from residential premises is augmented by a government interest subsidy of FIM 6 952 000

Additionally interest subsidy for plots under construction FIM 624 000

The average vacancy rate over the year for non-residential premises was 1.3%.

# Financial Analysis

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | **1999** | **1998** | **1999** | **1998** |
| **Source of funds:** | | | | |
| Cash flow financing | | | | |
| Loss before interest expenses, extraordinary items, appropriations and taxes | -23 457 | -46 126 | -22 978 | -49 922 |
| Extraordinary income and expenses | - | - | -5 587 | - |
| Adjustment items: | | | | |
| Change in technical provisions | 1 984 498 | 1 749 356 | 1 984 498 | 1 749 356 |
| Change in obligatory uncovered liabilities | 68 996 | 57 790 | 68 996 | 57 790 |
| Investment devaluations and revaluations | 13 047 | 27 215 | 19 518 | 24 480 |
| Depreciation | 7 824 | 9 413 | 49 090 | 43 956 |
| | 2 050 908 | 1 797 649 | 2 093 537 | 1 825 660 |
| Capital financing | | | | |
| Increase in minority interest | - | - | 43 579 | 900 |
| Optional reserves and depreciation difference | - | - | - | 1 747 |
| Increase in capital and reserves | - | - | - | 193 |
| | - | - | 43 579 | 2 841 |
| **Source of funds, total** | **2 050 908** | **1 797 649** | **2 137 116** | **1 828 502** |
| | | | | |
| **Application of funds:** | | | | |
| Profit distribution | | | | |
| Interest on long term liabilities | - | - | 4 417 | - |
| Taxes | 9 031 | 1 603 | 9 361 | 1 520 |
| Interest on guarantee capital | - | 288 | - | 288 |
| Other profit distribution | - | 5 | - | 5 |
| | 9 031 | 1 896 | 23 778 | 1 813 |
| Investments | | | | |
| Increase in investments (net) | 2 160 286 | 1 951 214 | 2 155 035 | 1 992 529 |
| Increase in tangible and intangible assets (net) | 11 481 | 6 030 | 10 915 | 14 020 |
| | 2 171 766 | 1 957 245 | 2 165 950 | 2 006 549 |
| Repayments of capital | | | | |
| Group reserve | - | - | 349 | - |
| Decrease in minority interest | - | - | 200 | - |
| | - | - | 549 | - |
| **Application of funds, total** | **2 180 798** | **1 959 141** | **2 180 278** | **2 008 362** |
| | | | | |
| **Decrease in working capital** | **-129 890** | **-161 492** | **-43 162** | **-179 861** |
| | | | | |
| **Change in working capital** | | | | |
| Change in receivables | 26 577 | 24 705 | 65 858 | -17 000 |
| Change in cash at bank and in hand | -22 176 | 26 210 | -22 256 | 25 836 |
| Change in prepayments and accrued income | -79 509 | -179 568 | -77 768 | -175 766 |
| Change in amounts owed | -46 088 | -7 178 | -46 725 | 61 805 |
| Change in accruals and deferred income | -8 695 | -25 662 | 37 728 | -74 736 |
| | | | | |
| **Decrease in working capital** | **-129 890** | **-161 492** | **-43 162** | **-179 861** |

# Profit and Loss Account

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| | | 1999 | 1998 | 1999 | 1998 |
| **Technical account:** | | | | | |
| Premiums written | *1 | 4 582 189 | 3 962 341 | 4 582 189 | 3 962 341 |
| Investment income | 4 | 1 329 100 | 1 293 704 | 1 318 546 | 1 300 048 |
| General guarantee claims incurred | | -14 045 | 1 311 | -14 045 | 1 311 |
| General guarantee debtors paid | | -15 357 | -7 462 | -15 357 | -7 462 |
| Claims incurred | | | | | |
| Claims paid | 2 | -3 593 266 | -3 197 375 | -3 593 266 | -3 197 375 |
| Change in provision for outstanding claims | | -754 404 | -582 494 | -754 404 | -582 494 |
| | | -4 347 670 | -3 779 869 | -4 347 670 | -3 779 869 |
| Change in provisions for unearned premiums | | -1 230 094 | -1 166 863 | -1 230 094 | -1 166 863 |
| Change in uncovered liabilities | | | | | |
| Obligatory uncovered liabilities | | -68 996 | -57 790 | -68 996 | -57 790 |
| Statutory charges | | 2 532 | -7 983 | 2 532 | -7 983 |
| Net operating expenses | 3 | -90 065 | -84 263 | -89 864 | -84 085 |
| Investment charges | 4 | -170 246 | -198 318 | -164 043 | -216 841 |
| **Balance on the technical account** | | **-22 650** | **-45 191** | **-26 800** | **-57 192** |
| | | | | | |
| **Non-technical account:** | | | | | |
| Other income | | | | | |
| Decrease in group reserve | | - | - | 349 | 8 720 |
| Other income | | 18 | 50 | 18 | 51 |
| | | 18 | 50 | 367 | 8 771 |
| Other expenses | | | | | |
| Decrease in consolidation goodwill | | - | - | -196 | -238 |
| Other expenses | | -825 | -985 | -825 | -985 |
| | | -825 | -985 | -1 021 | -1 223 |
| Direct taxes on ordinary activities | | | | | |
| Taxes for the accounting period | | -9 022 | -1 611 | -9 022 | -1 611 |
| Taxes from previous years | | -10 | 8 | -339 | 90 |
| | | -9 031 | -1 603 | -9 361 | -1 520 |
| Share of participating interests' losses/profits after taxes | | - | - | 57 | -278 |
| **Loss on ordinary activities after taxes** | | **-32 489** | **-47 729** | **-36 756** | **-51 443** |
| Extraordinary items | | | | | |
| Extraordinary expenses | | - | - | -5 587 | - |
| **Loss after extraordinary items** | | **-32 489** | **-47 729** | **-42 344** | **-51 443** |
| Increase in depreciation difference | | - | - | -13 161 | -2 341 |
| Decrease in optional reserves | | 37 038 | 51 291 | 37 038 | 51 291 |
| **Profit/Loss for the accounting period before minority interest** | | **4 549** | **3 562** | **-18 467** | **-2 493** |
| Minority interest in the profit for the accounting period | | | | 3 759 | -150 |
| **Profit for the accounting period/ Group loss for the accounting period** | | **4 549** | **3 562** | **-14 708** | **-2 643** |

* Reference number in the Appendices

# Appendices to the Profit and Loss Account

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **1 Premiums written** | | | | |
| Direct insurance | | | | |
| Basic insurance under the Employees' Pensions Act | | | | |
| Employers' contribution | 3 244 877 | 2 743 835 | 3 244 877 | 2 743 835 |
| Employees' contribution | 887 713 | 789 997 | 887 713 | 789 997 |
| | 4 132 589 | 3 533 832 | 4 132 589 | 3 533 832 |
| Additional pension insurance under the Employees' Pensions Act | 31 583 | 28 702 | 31 583 | 28 702 |
| Insurance under the Self-employed Persons' Pensions Act minimum cover | 458 667 | 436 472 | 458 667 | 436 472 |
| Additional pension insurance under the Self-employed Persons' Pensions Act | 3 761 | 5 054 | 3 761 | 5 054 |
| | 4 626 600 | 4 004 060 | 4 626 600 | 4 004 060 |
| Transitional charge payable to the State Pension Fund | -12 257 | -11 274 | -12 257 | -11 274 |
| **Gross premiums written** | **4 614 344** | **3 992 786** | **4 614 344** | **3 992 786** |
| Credit loss on premiums | -32 129 | -30 429 | -32 129 | -30 429 |
| **Premiums written before reinsurers' share** | **4 582 214** | **3 962 356** | **4 582 214** | **3 962 356** |
| Reinsurers' share | -25 | -15 | -25 | -15 |
| **Premiums written** | **4 582 189** | **3 962 341** | **4 582 189** | **3 962 341** |
| **1.1 Amortization of uncovered liabilities** | 68 996 | 67 234 | 68 996 | 67 234 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **2 Claims paid** | | | | |
| Direct insurance | | | | |
| Paid to pension beneficiaries | | | | |
| Basic insurance under the Employees' Pensions Act | 2 606 198 | 2 454 817 | 2 606 198 | 2 454 817 |
| Additional pension insurance under the Employees' Pensions Act | 48 104 | 46 412 | 48 104 | 46 412 |
| Insurance under the Self-employed Persons' Pensions Act minimum cover | 523 854 | 498 743 | 523 854 | 498 743 |
| Additional pension insurance under the Self-employed Persons' Pensions Act | 3 552 | 3 240 | 3 552 | 3 240 |
| | 3 181 707 | 3 003 213 | 3 181 707 | 3 003 213 |
| Paid/Received liability distribution renumeration | | | | |
| Pensions under the Employees' Pensions Act | 355 125 | 144 900 | 355 125 | 144 900 |
| Pensions under the Self-employed Persons' Pensions Act | 38 265 | 32 067 | 38 265 | 32 067 |
| | 393 390 | 176 968 | 393 390 | 176 968 |
| | 3 575 097 | 3 180 180 | 3 575 097 | 3 180 180 |
| Claims management expenses | 15 932 | 14 681 | 15 932 | 14 681 |
| Rehabilitation management expenses | 2 237 | 2 513 | 2 237 | 2 513 |
| **Claims paid before reinsurers' share** | **3 593 266** | **3 197 375** | **3 593 266** | **3 197 375** |
| **Claims paid, total** | **3 593 266** | **3 197 375** | **3 593 266** | **3 197 375** |
| | | | | |
| **Reinsurers' share** | | | | |
| Premiums written | 25 | 15 | 25 | 15 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **3 Specification of operating expenses** | | | | |
| **3.1 Total operating expenses by function** | | | | |
| Claims paid | 15 932 | 14 681 | 15 932 | 14 681 |
| Operating expenses | 90 065 | 84 263 | 89 864 | 84 085 |
| Investment charges | 11 688 | 9 778 | 43 433 | 43 680 |
| Other charges | 825 | 985 | 1 021 | 1 223 |
| **Total** | **118 510** | **109 707** | **150 249** | **143 670** |
| **3.2 Depreciation by function** | | | | |
| Claims paid | 2 323 | 2 313 | 2 323 | 2 313 |
| Operating expenses | 4 550 | 5 929 | 4 550 | 5 929 |
| Investment charges | 684 | 904 | 1 714 | 6 420 |
| Other charges, depreciations on consolidation goodwill | - | - | 196 | 238 |
| **Total** | **7 557** | **9 145** | **8 784** | **14 900** |
| **3.3 Staff expenses** | | | | |
| Salaries and commissions | 42 959 | 39 879 | 43 396 | 40 310 |
| Monetary value on fringe benefits | 1 726 | 1 533 | 1 727 | 1 533 |
| Pension expenses | 6 277 | 6 237 | 6 332 | 6 291 |
| Other social expenses | 3 957 | 4 150 | 3 982 | 4 176 |
| **Total** | **54 919** | **51 799** | **55 436** | **52 310** |
| Salaries and renumerations to members of the board, members of the supervisory board and the managing director | 1 083 | 1 929 | 1 083 | 2 854 |
| Pension commitments in favour of member of the board and of the managing director | | | | |
| The retirement age of the management and of the members of the board employed by the company has been agreed at 60-63 years | | | | |
| Average number of the personnel during the financial year | 7 | 7 | 7 | 7 |
| **3.4 Operating expenses in Profit and Loss Account** | | | | |
| Insurance policy acquisition costs | | | | |
| Commissions for direct insurance | 3 004 | 2 021 | 3 004 | 2 022 |
| Other insurance policy acquisition costs | 27 622 | 24 439 | 27 421 | 24 262 |
| | 30 626 | 26 461 | 30 424 | 26 283 |
| Insurance policy management expenses | 30 899 | 28 955 | 30 899 | 28 955 |
| Administrative expenses | 28 546 | 28 852 | 28 546 | 28 852 |
| Commissions for reinsurance ceded | -5 | -5 | -5 | -5 |
| **Total** | **90 065** | **84 263** | **89 864** | **84 085** |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| **4 Analysis of net investment income** | **1999** | **1998** | **1999** | **1998** |
| **Investment income:** | | | | |
| Income from investments in group companies | | | | |
| Interest income | 1 881 | 1 919 | - | - |
| Income from investments in land and buildings | | | | |
| Group companies | | | | |
| Interest income | 34 849 | 21 801 | - | - |
| Other companies | | | | |
| Interest income | 112 | 128 | 112 | 128 |
| Other income | 112 465 | 87 390 | 126 723 | 99 621 |
| | 112 577 | 87 518 | 126 834 | 99 749 |
| | 147 425 | 109 319 | 126 834 | 99 749 |
| Income from other investments | | | | |
| Dividend income | 83 236 | 30 062 | 83 237 | 30 067 |
| Interest income | 841 186 | 1 109 471 | 841 863 | 1 110 171 |
| Other income | 12 540 | 4 055 | 18 291 | 10 539 |
| | 936 962 | 1 143 588 | 943 391 | 1 150 777 |
| Total | 1 086 268 | 1 254 826 | 1 070 225 | 1 250 526 |
| Devaluation cancellations | 32 899 | 10 866 | 37 141 | 21 032 |
| Realized gains on investments | 209 933 | 28 012 | 211 180 | 28 490 |
| **Total** | **1 329 100** | **1 293 704** | **1 318 546** | **1 300 048** |
| **Investment expenses:** | | | | |
| Expenses for land and buildings | | | | |
| Group companies | -92 528 | -60 131 | - | - |
| Other companies | -7 837 | -5 518 | -39 582 | -39 421 |
| | -100 365 | -65 649 | -39 582 | -39 421 |
| Expenses for other investments | -13 183 | -22 346 | -13 183 | -22 346 |
| Interest expenses and expenses on other liabilities | | | | |
| Group companies | -585 | - | - | - |
| Other companies | -877 | -777 | -5 290 | -5 179 |
| | -1 462 | -777 | -5 290 | -5 179 |
| Total | -115 009 | -88 772 | -58 054 | -66 946 |
| Devaluations and depreciations | | | | |
| Devaluations | -45 946 | -38 082 | -56 659 | -45 512 |
| Planned depreciation on buildings | -267 | -267 | -40 306 | -31 799 |
| | -46 213 | -38 349 | -96 965 | -77 312 |
| Realized losses on investments | -9 023 | -71 197 | -9 023 | -72 584 |
| **Total** | **-170 246** | **-198 318** | **-164 043** | **-216 841** |
| **Net investment in come before revaluations and their adjustments** | **1 158 855** | **1 095 387** | **1 154 503** | **1 083 207** |
| **Net investment income on the Profit and Loss Account** | **1 158 855** | **1 095 387** | **1 154 503** | **1 083 207** |
| Avoir fiscal tax credit included in dividend income | 7 696 | 1 611 | 7 696 | 1 611 |

# Balance Sheet

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| **Assets** | | **1999** | **1998** | **1999** | **1998** |
| **Intangible assets** | | | | | |
| Consolidation goodwill | | - | - | 196 | 621 |
| Other long-term expenses | 9 | 30 222 | 26 364 | 31 017 | 28 435 |
| | | **30 222** | **26 364** | **31 213** | **29 056** |
| **Investments** | 5 | | | | |
| Investments in land and buildings | 6 | | | | |
| Land and buildings | | 799 170 | 652 780 | 1 579 582 | 1 379 622 |
| Loans to group companies | | 661 446 | 561 463 | - | - |
| | | 1 460 616 | 1 214 242 | 1 579 582 | 1 379 622 |
| Investments in group companies and participating interests | 7 | | | | |
| Other shares and variable-yield securities and units in unit trusts | | 8 510 | 8 510 | 7 729 | 7 441 |
| Other investments | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 7 | 1 779 899 | 1 331 816 | 1 826 154 | 1 377 331 |
| Debt securities | | 15 626 149 | 13 703 168 | 15 626 149 | 13 703 168 |
| Loans guaranteed by mortgages | 8 | 195 229 | 369 694 | 195 229 | 369 694 |
| Other loans | 8 | 1 315 847 | 1 958 059 | 1 315 847 | 1 964 183 |
| Deposits | | 510 643 | 164 586 | 510 643 | 164 586 |
| Other investments | | 400 | 246 | 150 | 246 |
| | | 19 428 167 | 17 527 569 | 19 474 172 | 17 579 209 |
| | | **20 897 293** | **18 750 322** | **21 061 482** | **18 966 272** |
| **Uncovered liabilities** | | | | | |
| Obligatory uncovered liabilities | | **42 423** | **111 419** | **42 423** | **111 419** |
| **Debtors** | 12 | | | | |
| Arising out of direct insurance operations | | | | | |
| Policyholders | | 390 165 | 258 497 | 390 165 | 258 497 |
| Other debtors | | 143 586 | 248 752 | 123 903 | 189 714 |
| | | **533 752** | **507 249** | **514 069** | **448 210** |
| **Other assets** | | | | | |
| Tangible assets | | | | | |
| Equipment | 9 | 291 | 226 | 3 531 | 3 557 |
| Other tangible assets | | - | - | 167 | 167 |
| | | 291 | 226 | 3 698 | 3 724 |
| Cash at bank and in hand | | 28 276 | 50 452 | 28 794 | 51 049 |
| Other assets | | 133 | 133 | 133 | 133 |
| | | **28 701** | **50 811** | **32 625** | **54 906** |
| **Prepayments and accrued income** | | | | | |
| Interest and rents | | 638 590 | 612 859 | 638 622 | 612 949 |
| Other prepayments and accrued income | | 215 059 | 320 299 | 220 569 | 324 010 |
| | | **853 648** | **933 158** | **859 192** | **936 959** |
| | | **22 386 040** | **20 379 323** | **22 541 004** | **20 546 823** |

# BALANCE SHEET

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| **Liabilities** | | **1999** | **1998** | **1999** | **1998** |
| **Capital and reserves** | 10 | | | | |
| Restricted | | | | | |
| Equivalent funds | | 5 000 | 5 000 | 5 000 | 5 000 |
| Guarantee capital | | 4 800 | 4 800 | 4 800 | 4 800 |
| Revaluation reserve | | - | - | 600 | 600 |
| | | 9 800 | 9 800 | 10 400 | 10 400 |
| Non-restricted | | | | | |
| Security reserve | | 26 529 | 22 966 | 26 246 | 22 686 |
| Contingency reserve | | - | - | 283 | 280 |
| Group losses for previous years | - | - | -16 399 | -9 994 | |
| Profit/Loss for the accounting period | | 4 549 | 3 562 | -14 708 | -2 643 |
| | | 31 078 | 26 529 | -4 578 | 10 330 |
| | | **40 878** | **36 329** | **5 822** | **20 730** |
| **Minority interest** | | **-** | **-** | **138 619** | **98 798** |
| **Reserves** | 11 | | | | |
| Group reserve | | - | - | 1 398 | 1 747 |
| Accumulated depreciation difference | | - | - | 20 846 | 7 684 |
| Optional reserves | | 115 811 | 152 849 | 116 279 | 153 317 |
| | | **115 811** | **152 849** | **138 523** | **162 748** |
| **Technical provisions** | | | | | |
| Provision for unearned premiums | | 14 702 217 | 13 472 124 | 14 702 217 | 13 472 124 |
| Provision for outstanding claims | | 7 353 581 | 6 599 176 | 7 353 581 | 6 599 176 |
| | | **22 055 798** | **20 071 300** | **22 055 798** | **20 071 300** |
| **Creditors** | 12 | | | | |
| Other creditors | | **54 796** | **8 783** | **78 781** | **32 056** |
| **Accruals and deferred income** | | **118 756** | **110 061** | **123 462** | **161 190** |
| | | **22 386 040** | **20 379 323** | **22 541 004** | **20 546 823** |

# Appendices to the Balance Sheet

**1000 FIM** — **Parent company** / **Group**

**5 Current value and valuation difference of investments**

**Investments 31.12.1999**

| | Parent company: Remaining acquisition cost | Parent company: Book value | Parent company: Current value | Group: Remaining acquisition cost | Group: Book value | Group: Current value |
|---|---|---|---|---|---|---|
| Investments in land and buildings | | | | | | |
| Land and buildings | 8 320 | 8 320 | 8 320 | 1 417 605 | 1 418 206 | 1 578 252 |
| Group company shares | 624 480 | 629 474 | 724 363 | - | - | - |
| Other real estate shares | 161 376 | 161 376 | 159 603 | 161 376 | 161 376 | 159 603 |
| Loans to group companies | 661 446 | 661 446 | 661 446 | - | - | - |
| | 1 455 622 | 1 460 616 | 1 553 732 | 1 578 981 | 1 579 582 | 1 737 855 |
| Holdings in other companies | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 8 510 | 8 510 | 8 510 | 7 729 | 7 729 | 7 729 |
| Other investments | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 1 779 899 | 1 779 899 | 3 193 770 | 1 826 154 | 1 826 154 | 3 219 022 |
| Debt securities | 15 626 149 | 15 626 149 | 15 974 853 | 15 626 149 | 15 626 149 | 15 974 853 |
| Loans guaranteed by mortgages | 195 229 | 195 229 | 195 229 | 195 229 | 195 229 | 195 229 |
| Other loans | 1 315 847 | 1 315 847 | 1 315 847 | 1 315 847 | 1 315 847 | 1 315 847 |
| Deposits | 510 643 | 510 643 | 510 643 | 510 643 | 510 643 | 510 643 |
| Other investments | 400 | 400 | 400 | 150 | 150 | 150 |
| | 19 428 167 | 19 428 167 | 21 190 741 | 19 474 172 | 19 474 172 | 21 215 743 |
| | **20 892 299** | **20 897 293** | **22 752 983** | **21 060 882** | **21 061 482** | **22 961 327** |
| The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it | -407 559 | | | -407 559 | | |
| The book value consists of | | | | | | |
| Revaluations entered as income | | 0 | | | 0 | |
| Other revaluations | | 4 995 | | | 600 | |
| | | 4 995 | | | 600 | |
| Valuation difference (difference between current and book values) | | | 1 855 690 | | | 1 899 845 |
| Improved result due to changed valuation principle of debt securities | | 92 257 | | | 92 257 | |

| 1000 FIM | Parent company | | | Group | | |
|---|---|---|---|---|---|---|
| **5 Current value and valuation difference of investments** | | | | | | |
| **Investments 31.12.1998** | | | | | | |
| | **Remaining acquisition cost** | **Book value** | **Current value** | **Remaining acquisition cost** | **Book value** | **Current value** |
| Investments in land and buildings | | | | | | |
| Land and buildings | - | - | - | 1 259 941 | 1 264 935 | 1 390 422 |
| Group company shares | 533 098 | 538 093 | 623 445 | - | - | - |
| Other real estate shares | 114 687 | 114 687 | 112 565 | 114 687 | 114 687 | 112 565 |
| Loans to group companies | 561 463 | 561 463 | 561 463 | - | - | - |
| | 1 209 248 | 1 214 242 | 1 297 473 | 1 374 627 | 1 379 622 | 1 502 987 |
| Holdings in other companies | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 8 510 | 8 510 | 8 510 | 7 441 | 7 441 | 7 441 |
| Other investments | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 1 331 816 | 1 331 816 | 1 791 791 | 1 377 331 | 1 377 331 | 1 816 636 |
| Debt securities | 13 703 168 | 13 703 168 | 14 906 602 | 13 703 168 | 13 703 168 | 14 906 602 |
| Loans guaranteed by mortgages | 369 694 | 369 694 | 369 694 | 369 694 | 369 694 | 369 694 |
| Other loans | 1 958 059 | 1 958 059 | 1 958 059 | 1 964 183 | 1 964 183 | 1 964 183 |
| Deposits | 164 586 | 164 586 | 164 586 | 164 586 | 164 586 | 164 586 |
| Other investments | 246 | 246 | 246 | 246 | 246 | 246 |
| | 17 527 569 | 17 527 569 | 19 190 979 | 17 579 209 | 17 579 209 | 19 221 948 |
| | **18 745 327** | **18 750 322** | **20 496 962** | **18 961 277** | **18 966 272** | **20 732 376** |
| The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it | -265 580 | | | -265 580 | | |
| The book value consists of | | | | | | |
| Revaluations entered as income | | 0 | | | 0 | |
| Other revaluations | | 4 995 | | | 4 995 | |
| | | 4 995 | | | 4 995 | |
| Valuation difference (difference between current and book values) | | | 1 746 640 | | | 1 766 104 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|

## 6 Change in investments in land and buildings 31.12.1999

| | Parent company | | Group | |
|---|---|---|---|---|
| | Land and water areas and real estate shares | Loans to group companies | Buildings | Land and water areas and real estate shares |
| Acquisition cost 1.1 | 828 860 | 561 463 | 1 270 542 | 510 672 |
| Fully depreciated in the previous year | - | - | -1 179 | - |
| Increase | 160 606 | 154 596 | 148 854 | 123 981 |
| Decrease | -3 915 | -54 613 | -7 137 | -3 915 |
| Transfer | 700 | - | - | - |
| Acquisition cost 31.12 | 986 251 | 661 446 | 1 411 081 | 630 737 |
| Revaluations 1.1 | 4 995 | - | 600 | 4 995 |
| Decrease | - | - | - | -4 995 |
| Revaluations 31.12 | 4 995 | - | 600 | 0 |
| Accumulated depreciations according to plan/ devaluations 1.1 | -181 075 | - | -207 889 | -182 797 |
| Fully depreciated in the previous year | - | - | 1 090 | - |
| Depreciations according to plan/devaluations and devaluation cancellations | -11 000 | - | -62 241 | -11 000 |
| Accumulated depreciations according to plan/ devaluations 31.12 | -192 075 | - | -269 040 | -193 797 |
| **Book value after depreciations according to plan/ devaluations 31.12** | **799 170** | **661 446** | **1 142 642** | **436 940** |
| Accumulated depreciations in exess of the plan 1.1 | | | 8 065 | |
| Depreciation above/below plan | | | 12 684 | |
| Accumulated depreciations in exess of the plan 31.12 | | | 20 749 | |
| Fully depreciated value of buildings 31.12 | | | 1 121 893 | |

| | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **Land and buildings for own use** | | | | |
| Remaining acquisition cost | 31 522 | 32 799 | 19 086 | 20 363 |
| Book value | 31 522 | 32 799 | 19 086 | 20 363 |
| Current value | 29 816 | 30 648 | 16 018 | 17 352 |
| **Group companies** | | | | |
| Number of companies | 44 | 42 | | |
| Total loss/profit for accounting period | -10 169 | 1 066 | | |
| Capital and reserves, total | 791 606 | 690 081 | | |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **7 Investments in group companies and participating interests, other investments, shares and other variable-yield securities and units in unit trusts** | | | | |
| **Other shares and variable-yield securities and units in unit trusts** | | | | |
| Original acquisition cost 1.1 | 8 510 | 8 510 | 7 441 | 7 211 |
| Increase | - | - | 288 | 230 |
| **Remaining acquisition cost 31.12** | **8 510** | **8 510** | **7 729** | **7 441** |

| Other shares and variable-yield securities and units in unit trusts | No of shares | % of shares | % of votes | Nominal value FIM 1000 | Parent company Book value 31.12.1999 FIM 1000 | Group Book value 31.12.1999 FIM 1000 | Profit/Loss for accounting period FIM 1000 | Capital and reserves FIM 1000 |
|---|---|---|---|---|---|---|---|---|
| Tapiola Book Entry Securities | 1 000 | 20.00 | 20.00 | 1 000 | 1 000 | 945 | 93 | 4 725 |
| Vakuutusneuvonta Aura | 50 | 33.33 | 33.33 | 5 | 5 | 10 | 1 | 29 |
| Vakuutusneuvonta Pohja | 50 | 33.33 | 33.33 | 5 | 5 | 10 | 1 | 29 |
| Suomen Metsäsijoitus Oy | 7 500 | 25.00 | 25.00 | 7 500 | 7 500 | 6 764 | 1 072 | 27 057 |
| **Total** | **8 600** | | | **8 510** | **8 510** | **7 729** | **1 166** | **31 841** |

# Portfolio

| 7 Other investments<br>Shares and other variable-yield securities and units in unit trusts | Parent company<br>No. of shares | Book value FIM 1000 31.12.1999 | Current value FIM 1000 31.12.1999 | Group<br>No. of shares | Book value FIM 1000 31.12.1999 | Current value FIM 1000 31.12.1999 |
|---|---|---|---|---|---|---|
| JOT Automation Group Oyj | 5 274 000 | 2 277 | 290 059 | 5 274 000 | 2 277 | 290 059 |
| Sonera Oyj | 571 500 | 25 718 | 231 233 | 571 500 | 25 718 | 231 233 |
| Nokia Oyj | 150 000 | 15 788 | 160 535 | 150 000 | 15 788 | 160 535 |
| Orion-Yhtymä Oyj | 763 020 | 79 434 | 103 959 | 763 020 | 79 434 | 103 959 |
| Instrumentarium Oyj | 498 226 | 78 690 | 95 979 | 498 226 | 78 690 | 95 979 |
| Novo Group Oyj | 289 758 | 39 616 | 82 695 | 289 758 | 39 616 | 82 695 |
| Kesko Oyj | 1 091 300 | 76 197 | 81 756 | 1 091 300 | 76 197 | 81 756 |
| Lassila & Tikanoja Oyj | 505 900 | 51 623 | 73 695 | 505 900 | 51 623 | 73 695 |
| Uponor Oyj | 684 000 | 53 345 | 71 577 | 684 000 | 53 345 | 71 577 |
| Huhtamäki Van Leer Oyj | 349 135 | 52 249 | 69 749 | 349 135 | 52 249 | 69 749 |
| Nokia Renkaat Oyj | 273 900 | 30 480 | 61 559 | 273 900 | 30 480 | 61 559 |
| Fortum Oyj | 2 262 976 | 54 993 | 60 548 | 2 262 976 | 54 993 | 60 548 |
| Alma Media Oyj | 291 680 | 35 446 | 55 090 | 291 680 | 35 446 | 55 090 |
| Helsingin Puhelin Oyj (ml.HPY Holding Oyj) | 226 200 | 24 918 | 54 719 | 226 200 | 24 918 | 54 719 |
| Tamro Oyj | 2 927 500 | 52 915 | 52 915 | 2 927 500 | 52 915 | 52 915 |
| Schibsted ASA | 470 000 | 26 763 | 49 825 | 470 000 | 26 763 | 49 825 |
| Orkla Ab | 485 714 | 33 730 | 47 736 | 485 714 | 33 730 | 47 736 |
| Metra Oyj | 428 700 | 35 197 | 47 013 | 428 700 | 35 197 | 47 013 |
| Metsä-Serla Oyj | 685 500 | 23 482 | 46 292 | 685 500 | 23 482 | 46 292 |
| Den Danske Bank | 70 000 | 44 342 | 45 292 | 70 000 | 44 342 | 45 292 |
| Ericsson Ab | 120 000 | 14 495 | 44 330 | 120 000 | 14 495 | 44 330 |
| Stockmann Oyj Abp | 516 300 | 41 969 | 43 898 | 516 300 | 41 969 | 43 898 |
| Aspocomp Group Oyj | 194 600 | 16 504 | 42 810 | 194 600 | 16 504 | 42 810 |
| Perlos Oyj | 192 000 | 10 845 | 39 955 | 192 000 | 10 845 | 39 955 |
| Kone Oyj | 136 800 | 22 963 | 39 774 | 136 800 | 22 963 | 39 774 |
| Others | | 835 922 | 1 200 776 | | 882 177 | 1 226 028 |
| Total | | 1 779 899 | 3 193 770 | | 1 826 154 | 3 219 022 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| **8 Other investments** | **1999** | **1998** | **1999** | **1998** |
| **8.1 Other loans as guaranteed** | | | | |
| Bank guarantee | 924 821 | 1 503 364 | 924 821 | 1 503 364 |
| Other security | 391 026 | 454 695 | 391 026 | 460 819 |
| **Remaining acquisition cost** | **1 315 847** | **1 958 059** | **1 315 847** | **1 964 183** |
| | | | | |
| **8.2 Total amount of pension loans** | | | | |
| Other loans guaranteed by mortgages | 30 042 | 103 607 | 60 083 | 103 607 |
| Other loans | 1 050 435 | 1 739 875 | 2 100 869 | 1 739 875 |
| **Remaining acquisition cost** | **1 080 476** | **1 843 482** | **2 160 953** | **1 843 482** |
| | | | | |
| **8.3 Total amount of subordinated loan** | | | | |
| Receivables in group real estate companies | 2 100 | 2 100 | - | - |
| Other loans | 932 | 870 | 932 | 870 |
| **Remaining acuisition cost** | **3 032** | **2 970** | **932** | **870** |

**9. Change in tangible and intangible assets 31.12.1999**

| | Parent company | | | Group | | | |
|---|---|---|---|---|---|---|---|
| | **Intangible assets and long-term expenditure** | **Equipment** | **Total** | **Intangible assets and long-term expenditure** | **Consoli-dation goodwill** | **Equipment** | **Total** |
| Acquisition cost 1.1 | 43 872 | 1 159 | 45 031 | 45 968 | 978 | 9 455 | 56 401 |
| Fully depreciated in the previous year | -6 313 | - | -6 313 | -6 313 | - | - | -6 313 |
| Acquisitions | 11 585 | 256 | 11 841 | 11 585 | 1 | 873 | 12 459 |
| Sales and disposal | - | -94 | -94 | -1 300 | - | -116 | -1 416 |
| Acquisition cost 31.12 | 49 144 | 1 321 | 50 465 | 49 940 | 979 | 10 212 | 61 131 |
| Accumulated depreciations according to plan 1.1 | -17 509 | -933 | -18 442 | -17 509 | -587 | -5 553 | -23 649 |
| Fully depreciated in the previous year | 6 313 | - | 6 313 | 6 313 | - | - | 6 313 |
| Depreciations according to plan | -7 727 | -97 | -7 824 | -7 727 | -196 | -1 127 | -9 051 |
| Accumulated depreciations according to plan 31.12 | -18 922 | -1 030 | -19 953 | -18 922 | -783 | -6 680 | -26 386 |
| **Acquisition cost after depreciations according to plan 31.12** | **30 222** | **291** | **30 513** | **31 017** | **196** | **3 531** | **34 744** |
| Accumulated depreciations in exess of the plan 1.1 | - | - | - | - | - | 380 | 380 |
| Depreciations above/ below plan | - | - | - | - | - | -477 | -477 |
| Accumulated depreciations in exess of the plan 31.12 | - | - | - | - | - | -97 | -97 |
| Net expenditure after depreciation 31.12 | 30 222 | 291 | 30 513 | 31 017 | 196 | 3 434 | 34 648 |

1000 FIM

## 10 Change in capital and reserves

| Parent company | 1.1.1999 | Increase | Decrease | 31.12.1999 |
|---|---|---|---|---|
| **Restricted** | | | | |
| Equivalent funds | 5 000 | - | - | 5 000 |
| Guarantee capital | 4 800 | - | - | 4 800 |
| | 9 800 | - | - | 9 800 |
| **Non-restricted** | | | | |
| Security reserve | 22 686 | 3 560 | - | 26 246 |
| Contingency reserve | 280 | 2 | - | 283 |
| Profit for the accounting period | 3 562 | 4 549 | -3 562 | 4 549 |
| | 26 529 | 8 112 | -3 562 | 31 078 |
| **Change in capital and reserves, total** | **36 329** | **8 112** | **-3 562** | **40 878** |

| Group | 1.1.1999 | Increase | Decrease | 31.12.1999 |
|---|---|---|---|---|
| **Restricted** | | | | |
| Equivalent funds | 5 000 | - | - | 5 000 |
| Guarantee capital | 4 800 | - | - | 4 800 |
| Revaluations reserve | 600 | - | - | 600 |
| | 10 400 | - | - | 10 400 |
| **Non-restricted** | | | | |
| Security reserve | 22 686 | 3 560 | - | 26 246 |
| Contingency reserve | 280 | 2 | - | 283 |
| Group loss for previous years | -9 994 | - | -6 405 | -16 399 |
| Loss for the accounting period | -2 643 | 2 643 | -14 708 | -14 708 |
| | 10 330 | 6 205 | -21 113 | -4 578 |
| **Change in capital and reserves, total** | **20 730** | **6 205** | **-21 113** | **5 822** |

| Analysis of the revaluation reserve | | |
|---|---|---|
| Revaluation reserve 1.1 | 600 | 600 |
| Revaluation reserve 31.12 | 600 | 600 |
| of which related to fixed assets | 600 | 600 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **11 Reserves** | | | | |
| **Group reserve** | | | | |
| Group reserve 1.1 | - | - | 1 747 | 1 747 |
| Decrease | - | - | -349 | - |
| Group reserve 31.12 | - | - | 1 398 | 1 747 |
| **Depreciation difference** | | | | |
| Depreciation difference 1.1 | - | - | 7 684 | 5 343 |
| Increase | - | - | 15 056 | 2 341 |
| Decrease | - | - | -1 894 | - |
| Depreciation difference 31.12 | - | - | 20 846 | 7 684 |
| **Optional reserves** | | | | |
| Credit loss reserve 1.1 | 152 849 | 204 140 | 152 849 | 204 140 |
| Decrease | -37 038 | -51 291 | -37 038 | -51 291 |
| Credit loss reserve 31.12 | 115 811 | 152 849 | 115 811 | 152 849 |
| Housing reserve 1.1 | - | - | 468 | 468 |
| Housing reserve 31.12 | - | - | 468 | 468 |
| **Optional reserves, total 31.12** | **115 811** | **152 849** | **116 279** | **153 317** |
| **Reserves, total** | **115 811** | **152 849** | **138 523** | **162 749** |
| Deferred tax calculated for the optional reserves | | | 40 172 | 45 570 |
| Tax rate | | | 29 % | 28 % |
| **12 Receivables and debts group companies and associated undertakings** | | | | |
| **12.1 Specification of receivables** | | | | |
| Group companies | | | | |
| Other loans | 23 699 | 97 663 | | |
| **12.2 Specification of loans** | | | | |
| Loans to group companies | | | | |
| Other loans | 52 838 | 853 | | |
| **13 Debts maturing after five years or later** | | | | |
| Subordinated liabilities | - | - | 2 100 | 2 100 |
| State-subsidized housing loans | - | - | 17 | 31 |
| Mortgage loans | - | - | 8 453 | 15 614 |
| Other loans | - | - | 58 225 | - |
| | - | - | 68 795 | 17 745 |

| 1 000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **14 Net contingent liabilities and pledged assets** | | | | |
| Mortgages given | | | | |
| Liability coverage | - | - | 562 034 | 101 200 |
| Amount of liability | - | - | 464 826 | 100 914 |
| Assets pledged | | | | |
| Liability coverage | 21 894 | - | 21 894 | - |
| Amount of liability | 64 880 | - | 64 880 | - |
| Derivates | | | | |
| Share derivates | | | | |
| Foward agreements | | | | |
| Underlying instrument | 55 404 | - | 55 404 | - |
| Current value | 73 436 | - | 73 436 | - |
| Index option contacts | | | | |
| Purchased | | | | |
| Book value of premiums | 31 | - | 31 | - |
| Current value of premiums | 31 | - | 31 | - |
| Security loan contracts | | | | |
| Securities loaned | | | | |
| Book value | 5 142 | - | 5 142 | - |
| Current value | 64 880 | - | 64 880 | - |
| Other liability | | | | |
| Subscription commitments | 50 998 | 71 754 | 50 998 | 71 754 |

## 15 Insider loans

15.1 Monetary loans to a manging director, board member, supervisory board member, or auditor of the insurance company, a corporation or foundation belonging to the group, a corporation or foundation exercising authority in the insurance company, or a corporation or foundation exercising authority in such a corporation or foundation

The loans do not exceed FIM 1 000 000,00

15.2 Monetary loans to a party who, on the basis of guarantee share ownership, can have at least 10 per cent of the insurance company' s guarantee shares or voting rights conferred by guarantee shares or the same proportion ot ownership or voting power in a corporation belonging to the same group as the insurance company

Above-mentioned loans have not been granted

15.3 Monetary loans if the balance sheet of the pension insurance company contains monetary loans to companies belonging to the same group as pension insurance company or to a foundation in the co-operation group meant in TVYL 5 § 4

Above-mentioned loans have not been granted

15.4 Monetary loans granted to managing director, board member, supervisory board member or auditor belonging to the co-operation group

Monetary loans totally FIM 1 806 206,85

# Key Figures pertaining to Solvency

| 1000 FIM | Parent company | |
|---|---|---|
| | **1999** | **1998** |
| **Solvency margin** | | |
| Capital and reserves after profit distribution | 40 878 | 36 329 |
| Optional reserves and accumulated depreciation difference | 115 811 | 152 849 |
| Valuation difference between current asset values and book values on the balance sheet | 1 855 690 | 1 746 640 |
| Unallocated additional benefits provision | 1 967 654 | 1 391 167 |
| Intangible assets and insurance acquisition costs not entered as expenses (-) | -30 222 | -26 364 |
| Other items | -18 032 | - |
| | **3 931 779** | **3 300 622** |
| Solvency margin required under the Insurance Companies Act, Chapter 11, Section 17 | 809 815 | 454 949 |
| Solvency ratio % (realized solvency margin/technical provision used when calculating solvency) | 19.9 | 18.1 |
| Solvency limit % | 6.2 | 5.6 |
| Lower limit of target zone % (2 x solvency limit) | 12.3 | 11.3 |
| Upper limit of target zone % (4 x solvency limit) | 24.7 | 22.5 |

# Proposal for the Appropriation of the Profit

The Board of Directors proposes tha the profit for the accounting period in the amount of FIM 4 549 487.49 be appropriated as follows:

| | |
|---|---|
| Transfer to security reserve | 4 540 000.00 |
| Transfer to the contingency reserve | 9 487.49 |
| | 4 549 487.49 |

If the Board of Directors' proposal for the appropriation of profits is approved, the company's capital and reserves will be as follows:

| | | |
|---|---|---|
| Restricted capital and reserves | | |
| Equivalent funds | 5 000 000.00 | |
| Guarantee capital | 4 800 000.00 | 9 800 000.00 |
| Non-restricted capital and reserves | | |
| Security reserve | 30 786 000.00 | |
| Contingency reserve | 292 345.06 | 31 078 345.06 |
| | | 40 878 345.06 |

Espoo, 3rd April 2000

| | | | |
|---|---|---|---|
| Asmo Kalpala | Pertti Heikkala | Esa Härmälä | Eeva-Liisa Inkeroinen |
| Ismo Luimula | Maj-Len Remahl | Veikko Simpanen | Risto Suominen |
| Matti Sutinen | Aino Toikka | Pauli Torkko | |

# AUDITORS' REPORT

**To the owners of Tapiola Mutual Pension Insurance Company**

We have examined the bookkeeping, financial statements and administration of Tapiola Mutual Pension Insurance Company for the 1999 financial year. The financial statements prepared by the Board of Directors and the Managing Director include an annual report, consolidated and parent company income statements and balance sheets, and appendices to the financial statements. On the basis of the audit, we hereby issue the following statement on the financial statements and administration.

Mr Mauno Tervo, C.P.A., has performed the supervisory audit of the company and a separate report was issued on 13th April 2000.

The bookkeeping as well as the principles, content and presentation of the financial statements have been examined in accordance with generally accepted auditing principles. In our examination of the administration, we have determined that the members of the Board and the Supervisory Board and the Managing Director have acted in accordance with the law.

The financial statements, which show a surplus for the parent company amounting to FIM 4,549,487.49 have been prepared in accordance with both the Bookkeeping Act and other rules and regulations concerning the preparations of financial statements. The financial statements provide, in the manner prescribed in the Bookkeeping Act, accurate and adequate information on the performance and financial standing of both the group and the parent company.

The financial statements of the parent company together with its consolidated financial statements can be adopted. The members of the Supervisory Board and the Board of Directors and the Managing Director may be discharged from responsibility for the financial year covered by our audit.

The proposal by the Board of Directors on the appropriation of the surplus is in accordance with the law.

Espoo, 27th April, 2000

SVH Pricewaterhouse Coopers Oy
firm of certified public accountants

**Mauno Tervo**
C.P.A.

**Ulla Holmström**
C.P.A.

# REPORT BY THE SUPERVISORY BOARD

Having examined the financial statements, the consolidated financial statements and the auditors' report for 1999 financial year, the Supervisory Board recommends that the financial statements and its consolidated financial statements can be adopted.

Espoo, 4th May 2000

**Ilkka Brotherus**
chairman

# Tapiola Mutual Life Assurance Company


Annual report 1999

TAPIOLA

REVIEW BY THE MANAGING DIRECTOR

# PRODUCT DEVELOPMENT AND MARKET GROWTH

The life insurance market continued to grow robustly in 1999. The gross premiums written by the life insurance companies rose by 24 per cent to FIM 16.2 billion. The strongest growth was in life insurance with savings. Investment-linked insurance accounted for 22 per cent of gross premiums written, a market increase over the 13 per cent share of the previous year.

The technical interest rate for life insurances fell to 3.5 per cent from the beginning of 1999 as far as new products are concerned.

Some changes were made to the tax deductibility of individual pension insurance as part of the new government programme. Once again, the subject was vigorously debated in the public forum before being put before parliament. The unclear situation that had persisted for a relatively long time had an adverse effect on individual pension insurance sales in the spring, even though the newly enacted rules were reasonable and mainly affected only new insurances.

The life insurance industry jointly examined the opportunities to develop insurance products for the arrangement of care for the elderly. Publication of the solution alternatives led to the establishment of a workgroup reporting to the Ministry of Social Affairs and Health.

The growth of Tapiola's life insurance business was retarded by a delay to the investment-linked insurance product project, which led to the postponement of new product launches and the growth was below average standing at FIM 109 million.

The overall result for Tapiola Life was, however, quite good and customer benefits were among the highest in the industry. The combined premiums written of Tapiola's life insurance companies rose in life insurances, individual pension insurances and group pension insurances. The market share of Tapiola's life insurance companies was 6.4 per cent. Tapiola Life's solvency remained at a good level.

The principles of customer-ownership were very successfully embodied in the new investment-linked products brought to market by Tapiola in the early months of the year 2000. The insurances are simple in terms of their structure and range of funds, and are also suitable for the customer's individual financial management. In the summer of 1999 Tapiola Life's co-operation with S Group was expanded by offering the co-operative's bonus customers a group life insurance product that accrues S-bonus points.

The need to supplement general social security with optional pension saving and risk-based life insurance cover seems to be growing. Instead of traditional bank saving, other forms of saving are becoming increasingly attractive. The customer has a number of alternatives to choose from, which is increasing competition and the need for customer service expertise.

Tapiola's modern products, good financial position and a comprehensive nationwide network provide it with every opportunity to succeed in the growing life insurance market.

JARI SAINE
*managing director*
*Tapiola Life*

# ADMINISTRATION AND AUDITORS

## SUPERVISORY BOARD

The term commences at the AGM

**Matti Ahde** 1998-2001
chairman,
managing director, Vantaa

**Tuula Entelä** 1999-2002
deputy chairman,
investment director, Espoo

**Seppo Aaltonen** 1999-2002
director, Helsinki

**Vesa Ekroos** 1999-2002
chairman, Espoo

**Jouko Havunen** 1999-2002
L. Econ., Laihia

**Pertti Kettunen** 1998-2001
professor, Jyväskylä

**Vesa Kämäri** 1997-2000
general lieutenant, Helsinki

**Saara Lampelo** 1998-2001
managing director, Oulu

**Merja Lehtonen** 1999-2002
chairman, Riihimäki

**Sisko Mäkelä** 1997-2000
B.Sc. (Agriculture), Pyhäntä

**Simo Nuutinen** 1997-2000
farmer, Lieksa

**Arja Pohja** 1997-2000
head of office, Turku

**Asko Sarkola** 1997-2000
theater director, Espoo

**Jouko Setälä** 1999-2002
managing director, Helsinki

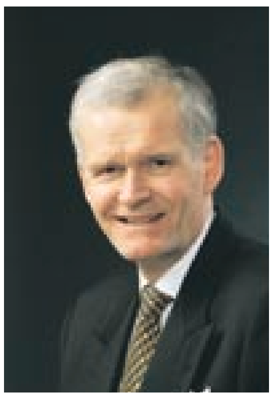
**Arto Tuominen** 1998-2001
managing director, Espoo

## AUDITORS

**Mauno Tervo**
B.Sc. (Econ.), C.P.A.
**SVH PricewaterhouseCoopers Oy,**
firm of certified public accountants,
responsible auditor
**Ulla Holmström**, B.Sc. (Econ.), C.P.A.

Deputy auditors
**Jari Miikkulainen**
M.Sc. (Econ.), C.P.A.
**Mirja Tonteri**
B.Sc. (Econ.). C.P.A.

## BOARD OF DIRECTORS



**Asmo Kalpala** (b.1950) chairman, Master of Economic Sciences. Chairman of the boards of Tapiola General, Tapiola Life and Tapiola Pension since 1987 and president since 1994; chairman of the board and president of Tapiola Corporate Life since 1994.
Chairman of the board of directors and board of management of the Federation of Finnish Insurance Companies since 2000.
Member of the board of the Insurance Employers' Association since 1988.

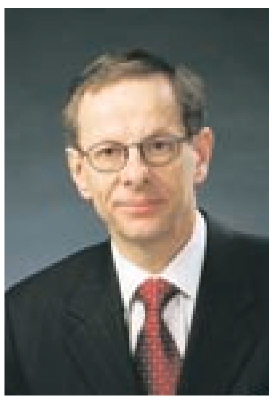
Member of the board of Metsä-Serla since 1990.
Deputy chairman of the board of YIT Corporation since 2000.
Deputy chairman of the supervisory board of Turva Insurance since 1995.
Member of the board of LTT-Tutkimus since 1988.

**Pertti Heikkala** (b. 1940) deputy chairman, Master of Economic Sciences.
Managing director of Tapiola General since 1994.
Deputy chairman of the boards of Tapiola Pension and Tapiola Life since 1988; deputy chairman of the board of Tapiola Corporate Life since 1994.
Chairman of the board of the Federation of Accident Insurance Institutions since 1999.
Chairman of the Finnish Motor Insurers' Bureau since 1998.
Deputy chairman of the board of Turva Insurance since 1996.

**Juhani Heiskanen** (b.1948) Master of Arts, eMBA.
Deputy managing director of Tapiola Pension, Tapiola Life and Tapiola Corporate Life since 1998 and director of Tapiola Pension since 1995.
Member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998.
Actuary and deputy member of the board of Turva Insurance since 1995.

**Pentti Koskinen** (b. 1942) Master of Philosophy, FIA.
Actuarial director of Tapiola General, Tapiola Life and Tapiola Pension since 1992 and Tapiola Corporate Life since 1994.
Member of the boards of Tapiola General and Tapiola Corporate Life since 1994.

**Tom Liljeström** (b. 1959) Master of Engineering Sciences, Master of Economic Sciences.
Managing director of Tapiola Pension since 1998 and member of the board of Tapiola General and Tapiola Life since 1994.
Chairman of the supervisory board of Lännen Tehtaat since 1996.
Member of the board of Metsä-Rauma 1997-1999.



**Jari Saine** (b. 1951) Master of Philosophy, FIA.
Managing director of Tapiola Life and Tapiola Corporate since 1994.
Member of the boards of Tapiola Life and Tapiola Corporate Life since 1994.

Member of the board of the Federation of Finnish Insurance Companies since 1998.
Member of the board of Retro Life Insurance Company since 1994.
Member of the board of Turva Insurance since 1996.
Member of the board of Seligson & Co since 1999.

## DEPUTY MEMBERS

**Antti Calonius** (b. 1950)
Master of Political Sciences.
Director of Major Clients, International operations and Brokers since 1993.
Deputy member of the boards of Tapiola General and Tapiola Life since 1993 and Tapiola Corporate Life since 1994.
Chairman of the board of Alma Insurance since 1995.
Member of the boards of the Finnish Atomic Insurance Pool, the Finnish Pool of Aviation Insurance and the Finnish General Insurance Pool since 1989.

**Jari Eklund** (b. 1963)
Master of Economic Sciences.
Investment director of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998.
Deputy member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998.
Member of the board of Suomen Hypoteekkiyhdistys since 2000.

**Matti Luukko** (b. 1941)
Master of Laws.
Deputy managing director of Tapiola Life and Tapiola Corporate Life since 1994.
Deputy member of the boards of Tapiola Life and Tapiola Corporate Life since 1994.
Deputy chairman of the board of Employees' Group Life Insurance Pool since 1998.

**Alpo Mustonen** (b. 1938) until 31.12.1999.
Director of Tapiola Pension, retired 31.12.1999.
Deputy member of the board of Tapiola Corporate Life until 31.12.1999.

**Markku Paakkanen** (b. 1951)
Licentiate of Philosophy, FIA.
Economy director of Tapiola Insurance Group since 1998.
Deputy member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998.

# Annual Report 1999

***The emphasis in Tapiola Life's operations was on product development of investment-linked saving and pension insurances. However, a delay in product renewals resulted in sales results being lower than expected. The distribution network was developed to meet the needs of the expanding market. The company's result was good and solvency remained at the good level of the previous year.***

Preparatory work on the IT system changes necessitated by the turn of the millennium began in Tapiola as far back as at the end of 1996. Most of the necessary modifications were made over the following two years, and all of the work was completed by the end of 1999. A comprehensive programme of system tests and trial runs was carried out to ensure the millennium compliance of Tapiola's business operations. No problems were encountered in connection with the new millennium.

The changes required by the introduction of the euro are being planned and co-ordinated by the Euro project, which was set up for that specific purpose in 1997. The project has already designed the necessary technical solutions, clarified and scheduled the required measures and actions, and assessed the amount of work needed to modify all of the affected systems. Over the period 1998-2002, a total of 116 man-years of work will be needed to prepare the companies of the Tapiola Insurance Group for the introduction of the euro. The plans have therefore been made to ensure a smooth and flexible transition to the new currency.

## INSURANCE

**Premiums written** Tapiola Life's premiums written were FIM 763 million. Premiums written rose 4.8% from the previous year's level of FIM 728 million. Life insurance accounted for FIM 484 million or 63% of premiums written, a rise of 6.3% over the level of the previous year. The share of individual pension insurance was 37% or FIM 279 million, representing a 2.2% increase compared with the previous year. The provision for unearned premiums rose by FIM 541 million.

**Claims paid** Claims paid by Tapiola Life were FIM 410 million, 0.5% higher than the figure for 1998. Repayments of savings totals were FIM 130 million, which was FIM 17 million higher than in the previous year. The amount of surrenders rose 11.3% from FIM 75 million to FIM 84 million.

## INVESTMENTS

Net investment income was FIM 365 million, which was 17.0% higher than in the previous year.

Net interest and other income was FIM 166 million, compared with FIM 200 million in 1998.

The net income from investments in land and buildings fell slightly from FIM 75 million to FIM 74 million.

Realised net gains on investments totalling FIM 118 million were recognised as income in 1999, compared with FIM 36 million in the previous year. Net realised gains on investments in land and building and on shares and other variable-yield participations totalled FIM 25 million and 93 million, respectively.

Writedowns totalled FIM 58 million, compared with FIM 19 million in 1998. Writedowns in respect of shares and of land and buildings were FIM 18 million and FIM 40 million, respectively.

Cancellations of revaluations, which increased investment income, totalled FIM 21 million, compared with FIM 10 million in the previous year.

The book and current values of the company's investment assets at the end of the year were FIM 5,966 million and FIM 7,012 million, respectively.

Interest-bearing investments were weighted in favour of government bonds. Shares accounted for 21.2% of investment assets, compared with 14.5% in 1998.

## OPERATING EXPENSES

Net operating expenses reported on the Profit and Loss Account in 1999 were FIM 98 million, which was FIM 6 million higher than in the previous year.

Gross operating expenses, which include depreciation charges of FIM 3 million, are appropriately allocated to different functions. Investment expenses include both direct and indirect expenses.

Salaries and commissions totalled FIM 40 million, which was 3.2% lower than in the previous year.

The staff handling the company's business are employed not only by the company but also by Tapiola General Mutual Insurance Company and Tapiola Mutual Pension Insurance Company. The Managing Director and Deputy Managing Directly are employed by the Company and the subsidiary Tapiola Corporate Life Insurance Company. The payments for services produced using shared resources are included in the company's operating expenses under the same items as would have been used if the staff had been directly employed by Tapiola Life.

Salaries and commissions paid to members of the Supervisory Board, the Board of Directors and the Managing Director totalled FIM 1,240,824.00. Other salaries and commissions amounted to FIM 51,733,504.54. The total salaries and commissions figure was FIM 52,974,328.54.

## CLOSING OF THE ACCOUNTS

The company's operating profit was FIM 157 million, compared with FIM 128 million in the previous year.

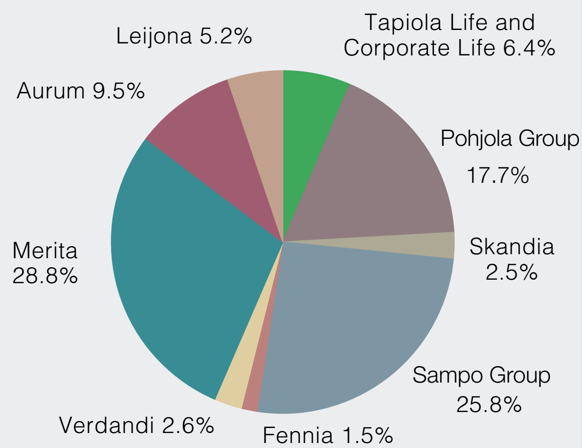
The company's technical result of FIM 162 million was good and will allow competitive policyholder bonuses. The technical result incorporates the surpluses for underwriting, administrative costs and investments.

The underwriting surplus, which describes purely insurance operations, was FIM 55 million. This compares with a surplus of FIM 45 million in the previous year.

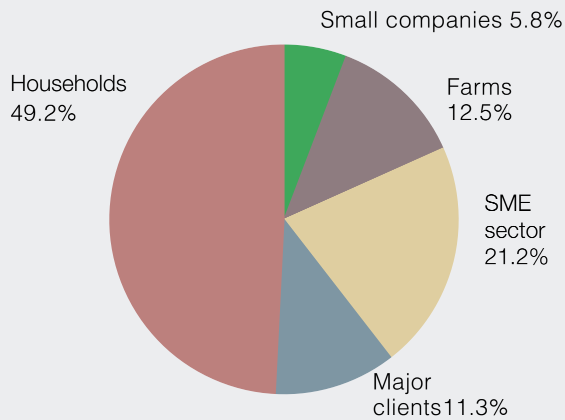
The administrative cost result was a deficit of FIM 13 million. In the previous year the comparable figure was a deficit of FIM 5 million.

**Market shares 1999**

Life, group life and individual as well as optional pension insurance.
Premiums written FIM 16.6 billion
Disssolved pension foundations included

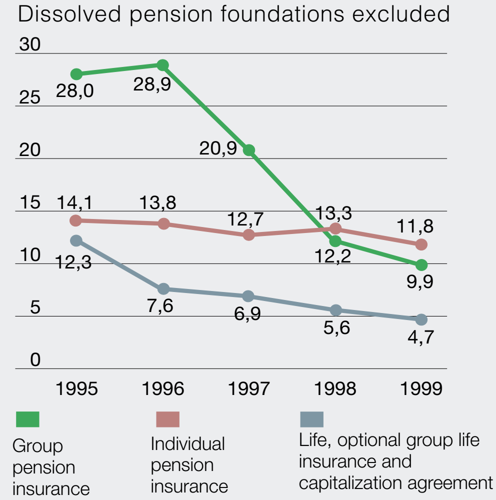



**Tapiola Life**
**Premiums written by customer group 1999**

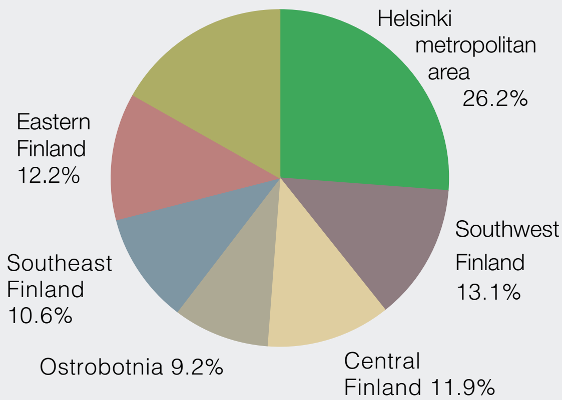



**Tapiola**
**Development of market share in life insurance classes**

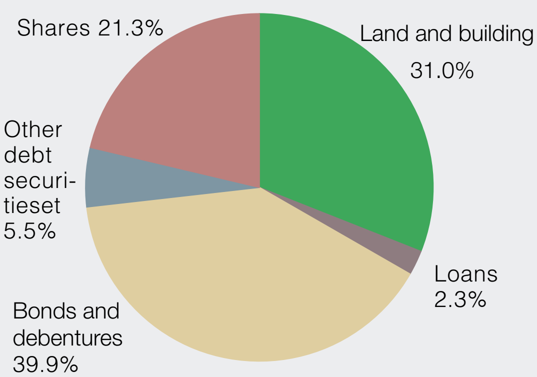
Dissolved pension foundations excluded



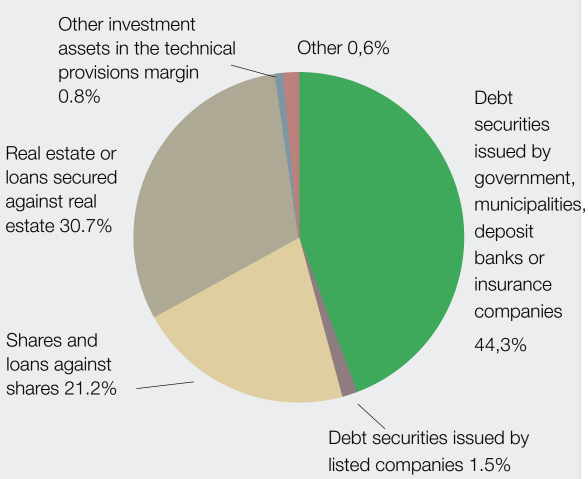
**Tapiola Life**
**Premiums written by geographical area 1999**
Based on domicile of policyholder including major clients




**Tapiola Life**
**Investment assets**
Current value at 31.12.1999 FIM 7 012 Mio




**Tapiola Life**
**Investment risk profile**
Current value at 31.12.1999




*The categories are the same as in the regulations concerning the technical provisions margin.*

The company's investment surplus was FIM 120 million, compared with FIM 100 million in 1998.

Tapiola Life's solvency ratio rose from 122.9% to 124.4 per cent. The company's solvency level is good.

The current value of the company's assets has been assessed in the financial statements by adhering to a conservative valuation principle. The procedure is described in greater detail in the accounting principles of the financial statements.

Depreciation of FIM 13 million was charged according to plan. The full amount of depreciation permitted under the Business Taxation Act was charged.

The credit loss reserve was brought into line with the full amount.

FIM 84 million was set aside in the closing of the accounts for policyholder bonuses in the year 2000, compared with FIM 83 million in the previous year. In addition to this, FIM 47 million was set aside for future additional benefits, compared with FIM 33 million in 1998. Altogether FIM 87 million has been set aside for future additional benefits.

No donations were made from the contingency reserve during the accounting period.

The company's share of the profit-sharing payment transferred to the Staff Fund of the Tapiola Insurance Group was FIM 511,000.00. It has been calculated according to the maximum amount and is included in the Profit and Loss Account under other expenses.

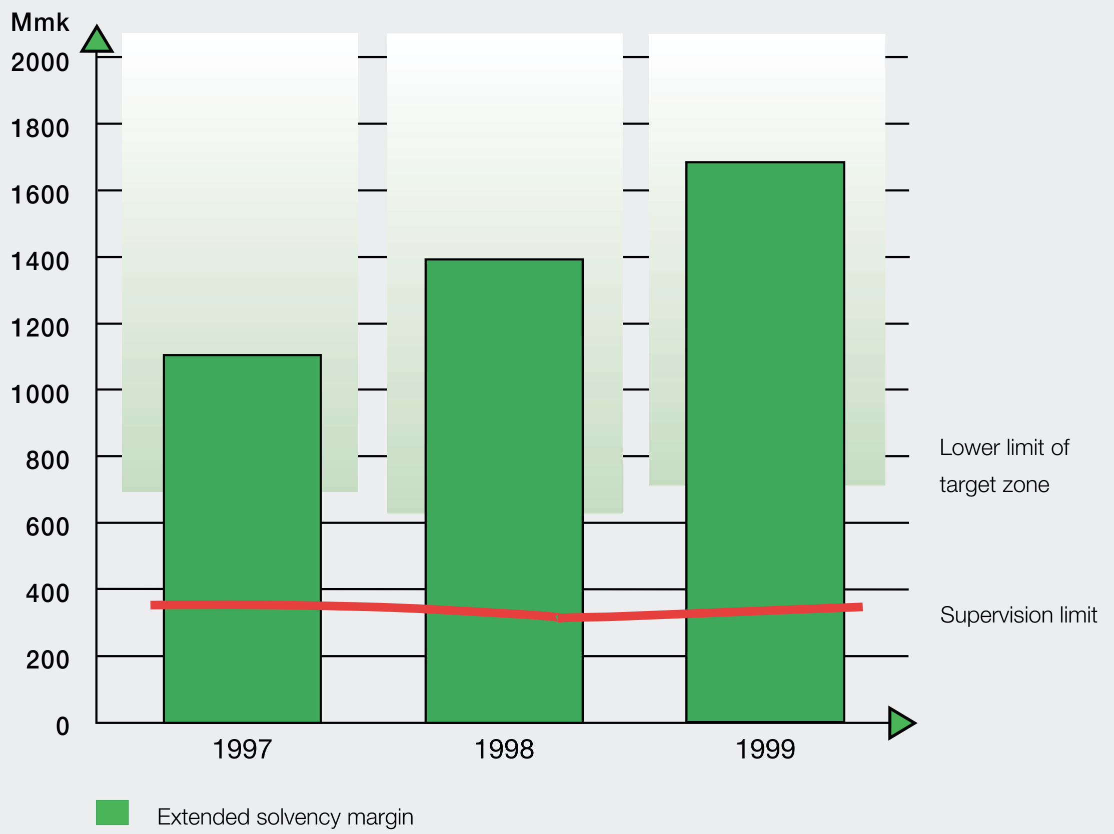
The Board of Directors recommends that the surplus of FIM 2,112,852.91 for the accounting period be appropriated so that the whole amount is transferred to the security reserve.

The balance sheet showed assets totalling FIM 6,352,628,279.00, compared with FIM 5,836,036,357.39 at the end of the previous year.

## CONSOLIDATED FINANCIAL STATEMENTS

Tapiola Mutual Life Assurance Group consisted of the parent company, Tapiola Mutual Life Assurance Company, Tapiola Corporate Life Insurance Company and 63 housing and real estate companies.

## TAPIOLA LIFE
## EXTENDED SOLVENCY MARGIN




The control limits for life insurance companies are developed on the basis of three concepts.

The extended solvency margin plus items that can be used to ensure the continuity of the company's operations if the situation so requires.

The lower limit of the target zone marks the performance level which the company must attain, otherwise it is obliged to submit a detailed survival plan to the supervising authorities.

During the accounting period, one subsidiary joined the group and seven subsidiaries were sold.

Associated companies are Tapiola Data Ltd, Vakuutusneuvonta Aura Oy, Vakuutusneuvonta Pohja and Tapiola Book Entry Securities.

### INSURANCE

**Premiums written** The group's gross premiums written were FIM 1,059 million, which was 13.1% higher than in the previous year.

The provision for unearned premiums rose by FIM 672 million to FIM 6,469 million.

**Claims paid** Claims paid amounted to FIM 610 million, which was 2.1% higher than in the previous year. The provision for outstanding claims rose by FIM 184 million to FIM 2,406 million.

### INVESTMENTS

Net investment income was FIM 544 million.

Writedowns totalled FIM 70 million, compared with FIM 38 million in the previous year. Cancellations of writedowns made in previous years amounted to FIM 31 million, having been FIM 29 million in 1998.

The book and current values of the group's investment assets at the end of the year were FIM 8,785 million and FIM 10,292 million, respectively.

### OPERATING EXPENSES

Operating expenses were FIM 132 million, which was 9.5% higher than in the previous year.

Salaries and commissions rose 6.1% to FIM 59 million.

### RESULT FOR THE ACCOUNTING PERIOD

The group's operating profit was FIM 178 million, compared with FIM 157 million in the previous year.

The combined total of the underwriting, administrative costs and investment surpluses was FIM 229 million, whereas the comparable result for the previous year was FIM 200 million.

The group's solvency capital rose FIM 283 million to FIM 1,964 million. The solvency capital as a percentage of technical provisions, the ratio that describes the group's solvency, rose from 21.4% to 22.6 per cent.

Depreciation of FIM 70 million was charged according to plan and included depreciation on consolidated goodwill. The increase in the depreciation difference was FIM 9 million. Provisions were FIM 54 million at the end of the year.

The change in the depreciation difference and optional reserves as well as the depreciation difference and optional reserves are divided among deferred tax liability, minority interests and capital and reserves.

The deficit for the accounting period was FIM 10,138,965.34. The minority interest was FIM 475,631.59. The balance sheet showed assets totalling FIM 9,290,817,869.32.

# Performance analysis

## Tapiola Corporate Life not included

| FIM Mio | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|
| Risk business | 55 | 45 | 46 | 33 | 35 |
| Cost business | -13 | -5 | -4 | 5 | 8 |
| Interest business | 120 | 89 | 67 | 66 | 45 |
| Revaluations | – | – | – | – | 12 |
| Other items affecting the operating profit | -5 | -1 | -8 | -3 | -31 |
| OPERATING PROFIT | 157 | 128 | 101 | 101 | 69 |
| | | | | | |
| USE OF PROFIT | | | | | |
| Customer bonuses | -84 | -83 | -84 | -63 | -64 |
| Additional bonuses provision | -47 | -33 | -7 | 0 | 0 |
| Equalization provision | -17 | -11 | -9 | -13 | -1 |
| Extraordinary costs, reserves, | | | | | |
| taxes, depreciations etc. | -7 | 0 | 0 | -20 | -2 |
| | | | | | |
| PROFIT FOR THE FINANCIAL YEAR | 2 | 1 | 1 | 5 | 2 |

# TAPIOLA LIFE GROUP
# KEY FINANCIAL INDICATORS

| | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|
| GENERAL FINANCIAL INDICATORS | | | | | |
| Turnover FIM Mio | 1 874 | 1 699 | 1 756 | 1 734 | 1 226 |
| Operating profit or loss, FIM Mio | 178 | 157 | 93 | 104 | 116 |
| Operating profit as percentrage of turnover, % | 9.5 | 9.2 | 5.3 | 6.0 | 9.5 |
| Profit or loss before extraordinary items, appropriations and taxes, FIM Mio | 2 | – 4 | – 42 | 12 | 23 |
| Above as a percentage of turnover, % | 0.1 | – 0.2 | –2.4 | 0.7 | 1.9 |
| Profit or loss before provisions and taxes, FIM Mio | 2 | – 4 | – 42 | 0 | 23 |
| Above as percentage of turnover, % | 0.1 | – 0.2 | – 2.4 | 0.0 | 1.9 |
| Return om equity (ROE), % | 17.4 | 21.2 | 4.9 | 43.3 | 17.1 |
| Return on assets (ROA), % | 7.9 | 8.0 | 5.9 | 10.1 | 6.9 |
| Equity ratio, % | 16.4 | 15.4 | 13.0 | 13.4 | 10.1 |
| KEY FINANCIAL INDICATORS FOR LIFE INSURANCE | | | | | |
| Gross premiums written, FIM Mio | 1 059 | 937 | 1 159 | 1 135 | 729 |
| Expense ratio, % | 121.9 | 111.4 | 105.8 | 97.7 | 92.1 |
| Solvency margin, FIM Mio | 1 697 | 1 429 | 1 053 | 962 | 603 |
| Equalization provision, FIM Mio | 210 | 195 | 181 | 171 | 174 |
| Solvency capital, FIM Mio | 1 964 | 1 680 | 1 291 | 1 160 | 810 |
| Solvency ratio, % | 122.6 | 121.4 | 118.0 | 118.4 | 114.8 |
| OTHER INDICATORS | | | | | |
| Minimum solvency margin, FIM Mio | 396 | 350 | 324 | 294 | 273 |
| Solvency margin ratio, % | 428.9 | 408.8 | 324.8 | 327.4 | 221.3 |
| Market share of premiums written, % | 6.4 | 7.0 | 10.2 | 9.6 | 10.2 |
| Market share without dissolved pension foundation, % | 6.3 | 7.5 | 9.3 | 9.9 | 15.4 |
| Market share of insurance savings, FIM Mio | 10.6 | 12.4 | 13.7 | 15.7 | 18.6 |
| STRUCTURE OF INVESTMENT PORTFOLIO | | | | | |
| Investments in land and buildings, FIM Mio | 2 879 | 2 980 | 2 905 | 2 565 | 2 232 |
| % | 28.0 | 31.8 | 35.6 | 35.8 | 37.1 |
| Shares, FIM Mio | 2 122 | 1 244 | 636 | 348 | 193 |
| % | 20.6 | 13.3 | 7.8 | 4.9 | 3.2 |
| Debt securities, FIM Mio | 4 524 | 4 328 | 4 135 | 3 352 | 2 567 |
| % | 44.0 | 46.2 | 50.7 | 46.7 | 42.7 |
| Other fixed income securities, FIM Mio | 589 | 687 | 306 | 574 | 212 |
| % | 5.7 | 7.3 | 3.7 | 8.0 | 3.5 |
| Loans, FIM Mio | 178 | 128 | 177 | 335 | 806 |
| % | 1.7 | 1.4 | 2.2 | 4.7 | 13.4 |
| Other investments, FIM Mio | 0 | 0 | 4 | 1 | 0 |
| % | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |

# REAL ESTATE PORTFOLIO, INCOME AND VACANT PREMISES AT 31.12.1999

Real estate portfolio, FIM 1 000

| | |
|---|---|
| Current value | 2 276 391 |
| Book value and loans | 1 859 392 |
| Valuation difference | 416 999 |

| Type of real estate | Current value FIM 1 000 | Current value FIM/m² | Net yield FIM 1 000 | Net yield % | Potential net yield*) | Vacant floor area, m² | Vacancy rate |
|---|---|---|---|---|---|---|---|
| Non-residential premises | | | | | | | |
| Commercial and office premises | | | | | | | |
| - rented to outside parties | 1 375 127 | 9 760 | 65 436 | 4,8 | 5,1 | 140 892 | 2,2 |
| - in own use **) | 85 074 | 6 723 | 6 800 | 8,0 | 8,0 | 12 654 | 0,0 |
| Idustrial premises | 30 693 | 3 574 | 1 869 | 6,1 | 6,1 | 8 589 | 0,0 |
| Hotels | 231 696 | 7 713 | 17 929 | 7,7 | 7,7 | 30 040 | 0,0 |
| Total | 1 722 590 | 8 964 | 92 034 | 5,3 | 5,6 | 192 175 | 1,6 |
| Residential buildings ***) | 420 889 | 6 410 | 23 713 | 5,6 | 5,9 | 65 659 | 4,6 |
| Other properties and premises | | | | | | | |
| Under construction and acquired mid-year | 92 514 | | | | | | |
| Undeveloped plots | 28 606 | | | | | | |
| Forest holdings | 27 | | | | | | |
| Shares in real estate investment companies | 11 765 | | | | | | |
| Total | 132 912 | | | | | 17 814 | |
| REAL ESTATE PORTFOLIO | 2 276 391 | | | | | 275 648 | |

*) The potential net yield is augmented by imputed gross rent forthe vacant premises, which averages FIM 55/m²/month

**) The imputed gross rent for premises in Tapiola's own use averages FIM 75/m²/month

***) The net income from residential premises is augmented by a government interest subsidy of FIM 1 649 000

Additionally interest subsidy for plots under construction FIM 28 000

The average vacancy rate over the year for non-residential premises was 3.4%.

# FINANCIAL ANALYSIS

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **Source of funds:** | | | | |
| Cash and flow financing | | | | |
| Profit before interest expenses, extraordinary items, appropriations and taxes | 15 414 | 1 474 | 11 807 | -3 856 |
| Adjustment items: | | | | |
| Change in technical provision | 609 917 | 538 471 | 855 855 | 696 965 |
| Investment devaluations and revaluations | 29 317 | 8 976 | 39 476 | 9 155 |
| Depreciation | 12 604 | 8 662 | 70 221 | 63 107 |
| | 667 252 | 557 583 | 977 358 | 765 372 |
| Capital financing | | | | |
| Increase in minority interest | - | - | 438 | - |
| Optional reserves | - | - | - | -46 339 |
| Increase in own capital | - | - | 7 036 | 31 715 |
| Subordinated liabilities | - | 130 000 | - | 130 000 |
| | - | 130 000 | 7 473 | 115 376 |
| **Source of funds, total** | **667 252** | **687 583** | **984 832** | **880 748** |
| **Application of funds:** | | | | |
| Profit distribution | | | | |
| Interest on long-term liabilities | 6 760 | 131 | 9 640 | - |
| Taxes | 7 448 | 879 | 12 782 | 2 283 |
| Other profit distribution | - | 12 | - | 12 |
| | 14 208 | 1 022 | 22 422 | 2 295 |
| Investments | | | | |
| Increase in investments (net) | 627 605 | 824 028 | 911 828 | 1 010 261 |
| Increase in tangible and intangible assets (net) | 3 088 | 3 020 | 12 421 | 15 770 |
| | 630 693 | 827 048 | 924 249 | 1 026 031 |
| Repayments of capital | | | | |
| Decrease in minority interest | - | - | - | 958 |
| **Application of funds, total** | **644 901** | **828 070** | **946 671** | **1 029 284** |
| **Decrease/Increase in working capital** | **22 351** | **-140 487** | **38 161** | **-148 536** |
| **Change in working capital** | | | | |
| Change in receivables | -90 367 | -77 096 | -66 826 | -62 992 |
| Change in cash at bank and in hand | 13 853 | 14 940 | 9 899 | 34 873 |
| Change in prepayments and accrued income | 4 334 | -17 356 | 7 831 | -48 453 |
| Change in deposits received from reinsurers | -18 | 52 | 47 | -51 |
| Change in amounts owed | 65 099 | -36 532 | 49 454 | -35 847 |
| Change in accruals and deferred income | 29 450 | -24 495 | 37 756 | -36 067 |
| **Decrease/Increase in working capital** | **22 351** | **-140 487** | **38 161** | **-148 536** |

# PROFIT AND LOSS ACCOUNT

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| | | 1999 | 1998 | 1999 | 1998 |
| **Technical account:** | | | | | |
| Premiums written | | | | | |
| Premiums written | *1 | 763 058 | 728 273 | 1 059 356 | 937 030 |
| Reinsurers' share | | -11 087 | -9 095 | -19 258 | -16 554 |
| | | 751 971 | 719 178 | 1 040 098 | 920 476 |
| Investment income | 4 | 567 532 | 508 814 | 803 125 | 761 415 |
| Investment revaluations | | 8 212 | - | 11 093 | - |
| Claims incurred | | | | | |
| Claims paid | 2 | -410 040 | -407 884 | -609 682 | -596 918 |
| Reinsurers' share | | 10 373 | 9 478 | 16 549 | 13 644 |
| | | -399 666 | -398 406 | -593 133 | -583 274 |
| Change in provision for outstanding claims | | -69 296 | -43 230 | -184 015 | -121 097 |
| Reinsurers' share | | 139 | -109 | 157 | 41 |
| | | -69 156 | -43 340 | -183 858 | -121 056 |
| | | -468 823 | -441 746 | -776 991 | -704 330 |
| Change in provision for unearned premiums | | | | | |
| Change in provision for unearned premiums | | -539 046 | -493 857 | -670 619 | -575 278 |
| Reinsurers' share | | -1 715 | -1 274 | -1 378 | -631 |
| | | -540 761 | -495 131 | -671 997 | -575 909 |
| Operating expenses | 3 | -98 342 | -92 133 | -132 032 | -120 621 |
| Investment charge | 4 | -210 334 | -196 488 | -270 017 | -283 339 |
| Other expenses | | -319 | -496 | -350 | -544 |
| **Balance on technical account** | | **9 135** | **1 997** | **2 929** | **-2 852** |
| **Non-technical account:** | | | | | |
| Other income | | 274 | 352 | 288 | 365 |
| Other expenses | | | | | |
| Depreciation on consolidation goodwill | | - | - | -1 | -10 |
| Other expenses | | -755 | -1 007 | -1 065 | -1 369 |
| | | -755 | -1 007 | -1 066 | -1 379 |
| Direct taxes on ordinary activities | | | | | |
| Taxes for the accounting period | | -7 447 | -884 | -10 172 | -2 185 |
| Taxes from previous years | | -2 | 5 | -121 | 20 |
| Change in deferred tax | | - | - | -2 489 | -118 |
| | | -7 448 | -879 | -12 782 | -2 283 |
| Share of participating interests' losses after taxes | | - | - | 16 | 10 |
| **Profit/Loss on ordinary activities after taxes** | | **1 206** | **464** | **-10 615** | **-6 139** |
| **Profit/Loss after extraordinary items** | | **1 206** | **464** | **-10 615** | **-6 139** |
| Increase in depreciation difference | | -298 | -474 | - | - |
| Increase in optional reserves | | 1 205 | 740 | - | - |
| **Profit/Loss for the accounting period before minority interest** | | **2 113** | **730** | **-10 615** | **-6 139** |
| Minority interest in the profit for the accounting period | | - | - | 476 | 98 |
| **Profit for the accounting period/ Group loss for the accounting period** | | **2 113** | **730** | **-10 139** | **-6 041** |

*Reference number in the Appendices

# Appendices to the Profit and Loss Account

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **1 Premiums written** | | | | |
| Direct insurance | | | | |
| Life insurance | | | | |
| Individual life insurance | 457 526 | 433 960 | 496 326 | 464 301 |
| Employees' group life insurance | 20 783 | 17 234 | 27 180 | 23 803 |
| Other group life insurance | 5 993 | 4 354 | 31 740 | 29 539 |
| Capitalization agreements | - | - | 24 550 | 2 450 |
| | 484 302 | 455 548 | 579 796 | 520 093 |
| Pension insurance | | | | |
| Individual pension insurance | 278 594 | 272 606 | 333 854 | 323 858 |
| Optional employment pension insurance | - | - | 145 560 | 92 977 |
| | 278 594 | 272 606 | 479 414 | 416 835 |
| | 762 897 | 728 154 | 1 059 210 | 936 928 |
| Reinsurance | 222 | 186 | 222 | 186 |
| **Gross premiums written** | **763 118** | **728 340** | **1 059 432** | **937 114** |
| Credit loss on premiums | -61 | -67 | -76 | -84 |
| **Premiums written before reinsurers' share** | **763 058** | **728 273** | **1 059 356** | **937 030** |
| | | | | |
| **Premiums written before credit losses and reinsurers' share** | | | | |
| Continuous premiums | 562 615 | 535 848 | 731 679 | 717 466 |
| Lump-sum premiums | 200 282 | 192 306 | 327 531 | 219 462 |
| Total | 762 897 | 728 154 | 1 059 210 | 936 928 |
| | | | | |
| Premiums from agreements entitled to bonuses | 735 846 | 728 154 | 1 032 160 | 936 928 |
| Premiums from investment-linked insurances | 27 051 | - | 27 050 | - |
| Total | 762 897 | 728 154 | 1 059 210 | 936 928 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **1.1 The effect of bonuses and rebates on the result from life assurance** | | | | |
| Bonuses | | | | |
| Lile insurance | | | | |
| Individual life insurance | 73 813 | 68 740 | 74 383 | 68 862 |
| Other group life insurance | 23 | 60 | 2 313 | 616 |
| Capitalization agreements | - | - | 1 438 | 1 509 |
| | 73 836 | 68 800 | 78 134 | 70 988 |
| Pension insurance | | | | |
| Individual pension insurance | 52 490 | 42 306 | 54 921 | 43 438 |
| Optional employment pension insurance | - | - | 21 767 | 27 353 |
| | 52 490 | 42 306 | 76 688 | 70 791 |
| | **126 326** | **111 106** | **154 822** | **141 779** |
| Rebates | | | | |
| Life insurance | | | | |
| Individual life insurance | 4 918 | 4 909 | 4 918 | 4 909 |
| Other group life insurance | 508 | - | 508 | - |
| | 5 426 | 4 909 | 5 426 | 4 909 |
| | **131 752** | **116 015** | **160 248** | **146 688** |
| **2 Claims paid before reinsurers' share** | | | | |
| Direct insurance | | | | |
| Life insurance | 244 742 | 264 487 | 266 556 | 276 549 |
| Surrenders | 82 340 | 73 234 | 82 679 | 73 540 |
| | 327 082 | 337 721 | 349 235 | 350 089 |
| Pension insurance | 61 387 | 49 486 | 233 330 | 221 509 |
| Surrenders | 1 339 | 1 981 | 2 110 | 2 458 |
| | 62 727 | 51 467 | 235 440 | 223 967 |
| | 389 809 | 389 189 | 584 675 | 574 056 |
| Reinsurance | 20 231 | 18 695 | 25 007 | 22 862 |
| **Claims paid, total** | **410 040** | **407 884** | **609 682** | **596 918** |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **3 Specification of operating expenses** | | | | |
| **3.1 Total operating expenses by function** | | | | |
| Claims paid | 12 391 | 11 676 | 14 703 | 13 483 |
| Operating expenses | 98 342 | 92 133 | 132 032 | 120 621 |
| Investment charges | 17 065 | 16 071 | 76 728 | 83 054 |
| Other expenses | 755 | 1 007 | 1 065 | 1 379 |
| **Total** | **128 553** | **120 887** | **224 528** | **218 537** |
| **3.2 Depreciation by function** | | | | |
| Claims paid | 428 | 327 | 457 | 328 |
| Operating expenses | 2 680 | 2 180 | 4 049 | 3 106 |
| Investment charges | 159 | 155 | 2 993 | 9 312 |
| Other expenses, depreciations on goodwill | - | - | 1 | 10 |
| **Total** | **3 268** | **2 662** | **7 500** | **12 756** |
| **3.3 Staff expenses** | | | | |
| Salaries and commissions | 40 302 | 39 055 | 59 497 | 56 096 |
| Monetay value of fringe benefits | 1 299 | 1 193 | 1 973 | 1 840 |
| Pension expenses | 5 942 | 5 572 | 8 593 | 8 227 |
| Other social expenses | 3 907 | 4 255 | 5 621 | 5 944 |
| **Total** | **51 451** | **50 076** | **75 684** | **72 107** |
| Salaries and renumerations to members of the board, members of the supervisory board and the managing director | 1 241 | 1 511 | 1 520 | 1 911 |
| Pension commitments in favour of member of the board and of managing director | | | | |
| The retirement age of the management and of the board employed by the company has been agreed at 60-63 years. | | | | |
| Average number of personnel during the financial year | 2 | 2 | 2 | 2 |
| **3.4 Operating expenses in Profit and Loss Account** | | | | |
| Insurance policy acquisition costs | | | | |
| Commissions for direct insurance | 13 125 | 9 281 | 14 155 | 10 451 |
| Other insurance policy acquisition costs | 39 994 | 39 975 | 53 250 | 50 953 |
| | 53 118 | 49 256 | 67 405 | 61 404 |
| Insurance policy management expenses | 20 142 | 17 553 | 32 026 | 27 026 |
| Administrative expenses | 25 081 | 25 324 | 33 311 | 32 949 |
| Commissions for reinsurance ceded | - | - | -710 | -758 |
| **Total** | **98 342** | **92 133** | **132 032** | **120 621** |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| **4 Analysis of net investment income** | **1999** | **1998** | **1999** | **1998** |
| **Investment income:** | | | | |
| Income from investments in group companies | | | | |
| Interest income | 3 446 | 5 955 | - | - |
| Income from investments in land and buildings | | | | |
| Group companies | | | | |
| Interest income | 33 290 | 34 665 | - | - |
| Other income | 1 143 | 1 373 | - | - |
| | 34 433 | 36 038 | - | - |
| Other companies | | | | |
| Interest income | 320 | 333 | 369 | 375 |
| Other income | 160 194 | 153 062 | 238 756 | 228 160 |
| | 160 514 | 153 395 | 239 125 | 228 535 |
| | 194 947 | 189 433 | 239 125 | 228 535 |
| Income from other investments | | | | |
| Dividend income | 45 685 | 15 945 | 63 851 | 21 493 |
| Interest income | 171 228 | 203 849 | 275 256 | 375 250 |
| Other income | 4 197 | 5 943 | 6 294 | 7 352 |
| | 221 110 | 225 737 | 345 401 | 404 095 |
| Total | 419 503 | 421 125 | 584 527 | 632 630 |
| Devaluation cancellations | 20 595 | 10 126 | 30 614 | 28 588 |
| Realized gains on investments | 127 433 | 77 562 | 187 984 | 100 196 |
| **Total** | **567 532** | **508 814** | **803 125** | **761 415** |
| **Investment expenses:** | | | | |
| Expenses for land and buildings | | | | |
| Group companies | -78 072 | -75 661 | - | - |
| Other companies | -42 831 | -38 511 | -107 174 | -109 085 |
| | -120 903 | -114 172 | -107 174 | -109 085 |
| Expenses for other investments | -3 160 | -10 775 | -4 900 | -14 237 |
| Interest expenses and expenses on the liabilities | | | | |
| Group companies | -734 | -767 | - | - |
| Other companies | -8 834 | -4 315 | -12 000 | -7 072 |
| | -9 568 | -5 082 | -12 000 | -7 072 |
| Total | -133 631 | -130 030 | -124 074 | -130 394 |
| Value adjustments on investments | | | | |
| Devaluation | -58 123 | -19 103 | -70 089 | -37 744 |
| Planned depreciation on buildings | -9 336 | -5 999 | -62 699 | -54 692 |
| | -67 459 | -25 102 | -132 789 | -92 436 |
| Realized losses on investments | -9 245 | -41 357 | -13 154 | -60 508 |
| **Total** | **-210 334** | **-196 488** | **-270 017** | **-283 339** |
| **Net investment income before revaluations and other adjustments** | **357 197** | **312 325** | **533 108** | **478 076** |
| Investment revaluation | 8 212 | - | 11 093 | - |
| **Net investment income on the Profit and Loss Account** | **365 409** | **312 325** | **544 201** | **478 076** |
| Avoir fiscal tax credit included in dividend income | 6 683 | 884 | 9 015 | 2 246 |
| Investment-linked insurances' part of the net income from investments in the profit and loss account | 7 551 | - | 10 433 | - |

# BALANCE SHEET

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| **Assets** | | **1999** | **1998** | **1999** | **1998** |
| **Intangible assets** | | | | | |
| Consolidation goodwill | | - | - | - | 33 |
| Other long-term expenses | 9 | 18 946 | 18 953 | 26 947 | 26 032 |
| | | **18 946** | **18 953** | **26 947** | **26 065** |
| **Investments** | 5 | | | | |
| Investments in land and buildings | 6 | | | | |
| Land and buildings | | 1 260 237 | 1 286 054 | 2 333 716 | 2 372 605 |
| Loans to group companies | | 499 555 | 512 129 | - | - |
| | | 1 759 792 | 1 798 184 | 2 333 716 | 2 372 605 |
| Investments in group companies and participating interests | 7 | | | | |
| Shares and holdings in group companies | | 68 065 | 68 065 | - | - |
| Debt securities issued by and loans to group companies | | 35 487 | 35 487 | - | - |
| Other shares and variable-yield securities and units in unit trusts | | 2 870 | 2 870 | 2 680 | 2 630 |
| | | 106 422 | 106 422 | 2 680 | 2 630 |
| Other investments | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 7 | 855 087 | 669 439 | 1 243 423 | 959 821 |
| Debt securities | | 3 011 204 | 2 772 748 | 4 879 366 | 4 578 559 |
| Loans guaranteed by mortgages | | 52 609 | 64 426 | 55 776 | 67 612 |
| Other loans | 8 | 73 700 | 55 644 | 121 726 | 60 046 |
| Deposits | | 107 000 | 36 602 | 148 000 | 89 246 |
| | | 4 099 600 | 3 598 859 | 6 448 291 | 5 755 284 |
| | | **5 965 814** | **5 503 465** | **8 784 687** | **8 130 519** |
| **Investments as coverage of investment-linked insurances** | 10 | **126 603** | **-** | **155 485** | **-** |
| **Debtors** | 13 | | | | |
| Arising out of direct insurance operations | | | | | |
| Policyholders | | 16 682 | 21 481 | 25 569 | 31 601 |
| Arising out of reinsurance options | | - | 2 | - | 2 |
| Other debtors | | 56 117 | 141 684 | 14 241 | 75 033 |
| | | **72 800** | **163 167** | **39 810** | **106 636** |
| **Other assets** | | | | | |
| Tangible assets | | | | | |
| Equipment | 9 | 871 | 1 043 | 9 373 | 5 310 |
| Other tangible assets | | - | - | 471 | 731 |
| | | 871 | 1 043 | 9 844 | 6 041 |
| Cash at bank and in hand | | 55 515 | 41 662 | 82 886 | 72 986 |
| Other assets | | 214 | 214 | 214 | - |
| | | **56 600** | **42 920** | **92 944** | **79 027** |
| **Prepayments and accrued income** | | | | | |
| Interest and rents | | 109 541 | 103 120 | 172 116 | 160 960 |
| Other prepayments and accrued income | | 2 324 | 4 411 | 18 829 | 22 154 |
| | | **111 865** | **107 531** | **190 945** | **183 114** |
| | | **6 352 628** | **5 836 036** | **9 290 818** | **8 525 361** |

# Balance Sheet

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| **Liabilities** | | **1999** | **1998** | **1999** | **1998** |
| **Capital and reserves** | 11 | | | | |
| Restricted | | | | | |
| Equivalent funds | | 26 650 | 26 650 | 26 650 | 26 650 |
| Guarantee capital | | 12 000 | 12 000 | 12 000 | 12 000 |
| Revaluation reserves | | 2 100 | 2 100 | 41 099 | 33 463 |
| | | 40 750 | 40 750 | 79 749 | 72 113 |
| Non-restricted | | | | | |
| Free funds | | 26 067 | 25 337 | 26 067 | 25 337 |
| Share of reserves and depreciation difference transferred to capital and reserves | | - | - | 32 666 | 32 922 |
| Group loss for previous years | | - | - | -54 821 | -47 706 |
| Profit/Loss for the accounting period | | 2 113 | 730 | -10 139 | -6 041 |
| | | 28 180 | 26 067 | -6 227 | 4 512 |
| | | **68 930** | **66 817** | **73 522** | **76 625** |
| **Minority interest** | | **-** | **-** | **56 430** | **56 468** |
| **Reserves** | 12 | | | | |
| Accumulated depreciation difference | | 29 732 | 29 434 | - | - |
| Optional reserves | | 6 885 | 8 090 | - | - |
| | | **36 617** | **37 524** | **-** | **-** |
| **Subordinated liabilities** | | **130 000** | **130 000** | **130 000** | **130 000** |
| **Technical provisions** | | | | | |
| Provisions for unearned premiums | 14 | 5 496 360 | 4 986 350 | 6 490 624 | 5 849 041 |
| Reinsurers' share | | -17 817 | -19 533 | -22 112 | -23 491 |
| | | 5 478 543 | 4 966 818 | 6 468 512 | 5 825 550 |
| Provision for outstanding loans | | 554 838 | 485 543 | 2 410 257 | 2 226 242 |
| reinsurers' share | | -3 280 | -3 141 | -4 199 | -4 042 |
| | | 551 558 | 482 401 | 2 406 058 | 2 222 201 |
| | | **6 030 100** | **5 449 219** | **8 874 570** | **8 047 751** |
| **Technical provisions of investment-linked insurances** | | | | | |
| Technical provisions | | 29 036 | - | 29 036 | - |
| **Deposits received from reinsurers** | | **45** | **27** | **802** | **850** |
| **Creditors** | 13 | | | | |
| Arising out of reinsurance operations | | 3 | 1 | 486 | 716 |
| Amounts owed to financial institutions | | 336 | 357 | - | - |
| Deferred tax | | - | - | 15 757 | 13 092 |
| Other creditors | | 29 427 | 94 507 | 68 402 | 120 291 |
| | | **29 766** | **94 865** | **84 645** | **134 100** |
| **Accruals and defferred income** | | **28 135** | **57 585** | **41 813** | **79 568** |
| | | **6 352 628** | **5 836 036** | **9 290 818** | **8 525 361** |

# APPENDICES TO THE BALANCE SHEET

**1000 FIM** — **Parent company** — **Group**

**5 Current value and valuation difference of investments**
**Investments 31.12.1999**

| | Parent company: Remaining acquisition cost | Parent company: Book value | Parent company: Current value | Group: Remaining acquisition cost | Group: Book value | Group: Current value |
|---|---|---|---|---|---|---|
| Investments in land and buildings | | | | | | |
| Land and buildings | 129 216 | 171 721 | 268 130 | 1 640 622 | 2 110 759 | 2 559 478 |
| Group company shares | 498 967 | 935 917 | 1 160 159 | - | - | - |
| Other real estate shares | 149 262 | 152 599 | 248 947 | 219 620 | 222 957 | 319 467 |
| Loans to group companies | 499 555 | 499 555 | 499 555 | - | - | - |
| | 1 276 999 | 1 759 792 | 2 176 791 | 1 860 242 | 2 333 716 | 2 878 945 |
| Group companies | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 68 065 | 68 065 | 68 065 | - | - | - |
| Loans | 35 487 | 35 487 | 35 487 | - | - | - |
| | 103 552 | 103 552 | 103 552 | - | - | - |
| Participating interests | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 2 870 | 2 870 | 2 870 | 2 680 | 2 680 | 2 870 |
| Other investments | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 855 100 | 855 087 | 1 421 068 | 1 243 423 | 1 243 423 | 2 119 475 |
| Debt securities | 3 011 204 | 3 011 204 | 3 074 192 | 4 879 366 | 4 879 366 | 4 965 176 |
| Loans guaranteed by mortgages | 52 609 | 52 609 | 52 609 | 55 776 | 55 776 | 55 776 |
| Other loans | 73 700 | 73 700 | 73 700 | 121 726 | 121 726 | 121 726 |
| Deposits | 107 000 | 107 000 | 107 000 | 148 000 | 148 000 | 148 000 |
| | 4 099 613 | 4 099 600 | 4 728 569 | 6 448 291 | 6 448 291 | 7 410 153 |
| | **5 483 034** | **5 965 814** | **7 011 782** | **8 311 214** | **8 784 687** | **10 291 968** |
| The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it | -75 788 | | | -130 348 | | |
| The book value consists of | | | | | | |
| Revaluations entered as income | | 398 350 | | | 35 173 | |
| Other revaluations | | 84 431 | | | 439 818 | |
| | | 482 780 | | | 474 991 | |
| Valuation difference (difference between the current and book values) | | | 1 045 968 | | | 1 507 280 |
| Improved result due to changed valuation principle of debt securities | | 26 774 | | | 41 978 | |

| 1000 FIM | Parent company | | | Group | | |
|---|---|---|---|---|---|---|
| **5 Current value and valuation difference of investments** | | | | | | |
| **Investments 31.12.1998** | | | | | | |
| | **Remaining acquisition cost** | **Book value** | **Current value** | **Remaining acquisition cost** | **Book value** | **Current value** |
| Investments in land and buildings | | | | | | |
| Land and buildings | 132 893 | 176 022 | 268 530 | 1 744 148 | 2 174 172 | 2 680 123 |
| Group company shares | 509 233 | 957 806 | 1 199 602 | - | - | - |
| Other real estate shares | 149 773 | 152 226 | 250 689 | 192 280 | 198 433 | 299 688 |
| Loans to group companies | 512 129 | 512 129 | 512 129 | - | - | - |
| | 1 304 028 | 1 798 184 | 2 230 950 | 1 936 428 | 2 372 605 | 2 979 811 |
| Group companies | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 68 065 | 68 065 | 68 065 | - | - | - |
| Loans | 35 487 | 35 487 | 35 487 | - | - | - |
| | 103 552 | 103 552 | 103 552 | - | - | - |
| Participating interests | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 2 870 | 2 870 | 2 870 | 2 630 | 2 630 | 2 630 |
| Other investments | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 669 452 | 669 439 | 855 800 | 959 821 | 959 821 | 1 241 194 |
| Debt securities | 2 772 748 | 2 772 748 | 2 994 659 | 4 578 559 | 4 578 559 | 4 925 233 |
| Loans guaranteed by mortgages | 64 426 | 64 426 | 64 426 | 67 612 | 67 612 | 67 612 |
| Other loans | 55 644 | 55 644 | 55 644 | 60 046 | 60 046 | 60 046 |
| Deposits | 36 602 | 36 602 | 36 602 | 89 246 | 89 246 | 89 246 |
| | 3 598 872 | 3 598 859 | 4 007 131 | 5 755 284 | 5 755 284 | 6 383 331 |
| | **5 009 322** | **5 503 465** | **6 344 503** | **7 694 342** | **8 130 519** | **9 365 772** |
| The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it | -48 772 | | | -88 320 | | |
| The book value consists of | | | | | | |
| Revaluations entered as income | | 398 973 | | | 411 549 | |
| Other revaluations | | 95 169 | | | 24 628 | |
| | | 494 143 | | | 436 177 | |
| Valuation difference (difference between the current and book values) | | | 841 039 | | | 1 235 253 |

| 1000 FIM | Parent company | | | Group | |
|---|---|---|---|---|---|
| **6 Change in investments in land and buildings 31.12.1999** | **Buildings** | **Land and water areas and real estate shares** | **Loans to group companies** | **Buildings** | **Land and water areas and real estate shares** |
| Acquisition cost 1.1 | 160 371 | 917 790 | 512 129 | 1 761 974 | 533 351 |
| Fully depreciated in the previous year | -42 | - | - | -565 | - |
| Increase | - | 41 311 | 29 600 | 49 879 | 71 144 |
| Decrease | - | -14 971 | -42 174 | -852 | -26 044 |
| Acquisition cost 31.12 | 160 329 | 944 130 | 499 555 | 1 810 435 | 578 451 |
| Revaluations 1.1 | 34 573 | 462 753 | - | 419 999 | 495 853 |
| Increase | - | - | - | 9 105 | - |
| Decrease | - | -10 739 | - | - | -10 739 |
| Revaluations 31.12 | 34 573 | 452 015 | - | 429 104 | 485 115 |
| Accumulated depreciations according to plan/ devaluations 1.1 | -49 330 | -240 103 | - | -559 713 | -277 567 |
| Fully depreciated in the previous year | 42 | - | - | 565 | - |
| Depreciations according to plan/devaluations and devaluation cancellations | -3 919 | -37 500 | - | -95 175 | -37 500 |
| Accumulated depreciations according to plan/ devaluations 31.12 | -53 207 | -277 603 | - | -654 322 | -315 067 |
| **Book value after depreciations according to plan/devaluations 31.12** | **141 695** | **1 118 542** | **499 555** | **1 585 217** | **748 499** |
| Accumulated depreciations in excess of the plan 1.1 | -29 434 | | | -35 219 | |
| Depreciation above/below plan | -298 | | | -8 489 | |
| Accumulated depreciations in excess of the plan 31.12 | -29 732 | | | -43 708 | |
| Fully depreciated value of buildings 31.12 | 111 963 | | | 1 541 509 | |

| | Parent company | | Group | |
|---|---|---|---|---|
| | **1999** | **1998** | **1999** | **1998** |
| **Land and buildings for own use** | | | | |
| Remaining acquisition cost | 53 290 | 48 971 | 32 576 | 28 573 |
| Book value | 54 313 | 49 994 | 33 157 | 28 838 |
| Current value | 72 276 | 72 504 | 46 205 | 42 346 |
| **Group companies** | | | | |
| Number of companies | 63 | 69 | | |
| Loss for the accounting period, total | -6 577 | -3 873 | | |
| Capital and reserves, total | 833 487 | 811 301 | | |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **7 Investments in group companies and participating interests, other investments, shares and other variable-yield securities and units in unit trusts** | | | | |
| **Shares and holdings in group companies** | | | | |
| Original acquisition cost 1.1 | 68 065 | 39 372 | - | - |
| Increase | - | 28 693 | - | - |
| **Remaining acquisition cost 31.12** | **68 065** | **68 065** | **-** | **-** |
| **Debt securities issued by and loans to group companies** | | | | |
| Original acquisition cost 1.1 | 35 487 | 35 487 | - | - |
| **Remaining acquisition cost 31.12** | **35 487** | **35 487** | **-** | **-** |
| **Other shares and variable-yield securities and units in unit trusts** | | | | |
| Original acquisition cost 1.1 | 2 870 | 1 610 | 2 630 | 1 327 |
| Increase | - | 1 260 | 50 | 1 303 |
| Accumulated devaluations 31.12 | - | - | 2 680 | 2 630 |
| **Remaining acquisition cost 31.12** | **2 870** | **2 870** | **2 680** | **2 630** |
| **Total** | **106 422** | **106 422** | **2 680** | **2 630** |

| | No of shares | % of shares | % of votes | Nominal value FIM 1000 | Parent company Book value 31.12.1999 FIM 1000 | Group Book value 31.12.1999 FIM 1000 | Profit/Loss for accounting period FIM 1000 | Capital and reserves FIM 1000 |
|---|---|---|---|---|---|---|---|---|
| **Shares and othe variable-yield securities and units in unit trusts** | | | | | | | | |
| Tapiola Corporate Life Insurance Company | 3 108 222 | 83.33 | 83.33 | 31 082 | 68 065 | - | 4 204 | 117 500 |
| **Other shares and variable-yield securities and units in unit trusts** | | | | | | | | |
| Tapiola Book Entry Securities | 1 000 | 20.00 | 20.00 | 1 000 | 1 000 | 945 | 93 | 4 725 |
| Tapiola Data | 330 | 33.33 | 33.33 | 660 | 1 860 | 1 715 | 89 | 5 157 |
| Vakuutusneuvonta Aura | 50 | 33.33 | 33.33 | 5 | 5 | 10 | 1 | 29 |
| Vakuutusneuvonta Pohja | 50 | 33.33 | 33.33 | 5 | 5 | 10 | 1 | 29 |
| **Total** | **1 430** | | | **1 670** | **2 870** | **2 680** | **183** | **9 941** |

# Portfolio

| 7 Other investments, Shares and other variable-yield securities and units in unit trusts | Parent company No. of shares | Book value FIM 1000 31.12.1999 | Current value FIM 1000 31.12.1999 | Group No. of shares | Book value FIM 1000 31.12.1999 | Current value FIM 1000 31.12.1999 |
|---|---|---|---|---|---|---|
| JOT Automation Group Oyj | 1 584 000 | 986 | 87 117 | 2 315 000 | 1 441 | 127 321 |
| YIT-Yhtymä Oyj | 1 169 800 | 45 868 | 75 813 | 1 347 015 | 54 662 | 87 298 |
| Sonera Oyj | 157 000 | 7 065 | 63 523 | 238 000 | 10 710 | 96 296 |
| Orion-Yhtymä Oyj | 430 580 | 46 956 | 58 729 | 608 880 | 66 963 | 83 006 |
| Nokia Oyj | 45 000 | 4 674 | 48 160 | 66 000 | 6 905 | 70 635 |
| Novo Group Oyj | 159 000 | 24 807 | 45 378 | 233 640 | 36 258 | 66 680 |
| Metsä-Serla Oyj | 669 370 | 11 538 | 44 605 | 669 370 | 11 538 | 44 605 |
| Ericsson Ab | 120 000 | 14 495 | 44 330 | 180 000 | 21 743 | 66 495 |
| Huhtamäki Van Leer Oyj | 209 900 | 33 395 | 41 933 | 297 700 | 47 322 | 59 473 |
| HPY Holding Oyj | 160 350 | 13 976 | 35 514 | 200 350 | 18 907 | 47 075 |
| Instrumentarium Oyj | 184 081 | 31 629 | 35 462 | 271 630 | 47 206 | 52 328 |
| Schibsted ASA | 305 400 | 17 301 | 32 375 | 444 400 | 25 177 | 47 110 |
| Lassila & Tikanoja Oyj | 215 000 | 21 845 | 31 319 | 315 700 | 32 217 | 45 988 |
| Munters Ab | 440 800 | 18 435 | 30 915 | 662 800 | 28 253 | 46 485 |
| Uponor Oyj | 293 200 | 24 465 | 30 682 | 429 300 | 36 045 | 44 924 |
| Kesko Oyj | 400 200 | 26 058 | 29 981 | 605 400 | 39 419 | 45 354 |
| Orkla Ab | 300 000 | 20 162 | 29 484 | 428 571 | 28 761 | 42 120 |
| Tamro Oyj | 1 443 600 | 26 093 | 26 093 | 2 071 402 | 37 441 | 37 441 |
| Novartis Ag Reg | 3 000 | 25 209 | 25 760 | 4 500 | 37 818 | 38 640 |
| Aspocomp Group Oyj | 112 000 | 9 499 | 24 639 | 112 000 | 9 499 | 24 639 |
| Fortum Oyj | 905 625 | 22 685 | 24 231 | 1 342 646 | 33 355 | 35 924 |
| Nokia Renkaat Oyj | 106 000 | 12 405 | 23 823 | 157 000 | 18 011 | 35 285 |
| Heinz Hj Comp. | 100 000 | 23 749 | 23 749 | 150 000 | 35 624 | 35 624 |
| Metra Oyj | 188 400 | 15 523 | 20 687 | 272 200 | 22 458 | 29 894 |
| Perlos Oyj | 91 000 | 5 140 | 18 937 | 145 000 | 21 987 | 30 174 |
| Others | | 351 132 | 467 827 | | 513 706 | 778 660 |
| Total | | 855 087 | 1 421 068 | | 1 243 423 | 2 119 475 |

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| **8 Other investments** | | **1999** | **1998** | **1999** | **1998** |
| **8.1 Other loans as guaranteed** | | | | | |
| Bank guarantee | | 92 | 1 035 | 1 094 | 2 537 |
| Insurance policy | | 27 577 | 30 879 | 27 577 | 30 829 |
| Other security | | 46 031 | 23 780 | 93 054 | 26 680 |
| **Remaining acquisition cost, total** | | **73 700** | **55 694** | **121 726** | **60 046** |
| | | | | | |
| **8.2 Total amount of subordinated loan** | | | | | |
| Loans to group companies | | 30 000 | 30 000 | | |
| Other loan | 1) | 42 | - | - | - |
| **Remaining acquisition cost, total** | | **30 042** | **30 000** | **-** | **-** |

1) Debtor: Tapiola Corporate Life Insurance Company
Terms: Interest is paid only out of the distributable means of debtor.

**9 Change in tangible and intagible assets**

| **31.12.1999** | **Parent company** | | | **Group** | | | |
|---|---|---|---|---|---|---|---|
| | **Intangible assets and long-term expenditure** | **Equipment** | **Total** | **Intangible assets and long-term expenditure** | **Consoli-dation goodwill** | **Equipment** | **Total** |
| Acquisition cost 1.1 | 37 344 | 3 222 | 40 566 | 45 760 | - | 27 430 | 73 191 |
| Fully depreciated in the previous year | -643 | - | -643 | -675 | - | - | -675 |
| Acquisitions | 8 386 | 118 | 8 504 | 10 617 | 1 | 6 989 | 17 607 |
| Acquisition cost 31.12 | 45 087 | 3 341 | 48 427 | 55 702 | 1 | 34 420 | 90 123 |
| Accumulated depreciation according to plan 1.1 | -18 390 | -2 179 | -20 570 | -19 596 | - | -21 965 | -41 561 |
| Fully depreciated in the previous year | 643 | - | 643 | 675 | - | - | 675 |
| Depreciation according to plan | -8 394 | -290 | -8 684 | -9 834 | -1 | -3 081 | -12 916 |
| Accumulated depreciation according to plan 31.12 | -26 141 | -2 470 | -28 611 | -28 755 | -1 | -25 046 | -53 803 |
| **Acquisition cost after depreciation according to plan 31.12** | **18 946** | **871** | **19 817** | **26 947** | **0** | **9 373** | **36 320** |
| Accumulated depreciations in excess to plan 1.1 | - | - | - | - | - | 78 | 78 |
| Depreciations above/below plan | - | - | - | - | - | -259 | -259 |
| Accumulated depreciations in excess to plan 31.12 | - | - | - | - | - | -181 | -181 |
| Net expenditure after depreciation 31.12 | 18 946 | 871 | 19 817 | 26 947 | 0 | 9 192 | 36 139 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| **10 Investments as coverage of investment-linked insurances** | **Original acquisition cost 1999** | **Current value 1999** | **Original acquisition cost 1999** | **Current value 1999** |
| Shares and other variable-yield securities and units in unit trusts | 104 050 | 111 601 | 130 050 | 140 483 |
| Cash at bank and in hand | 15 002 | 15 002 | 15 002 | 15 002 |
| **Total** | **119 052** | **126 603** | **145 052** | **155 485** |
| Investments acquired in advance | 92 045 | 97 567 | 118 045 | 126 449 |
| Investments corresponding to the technical provision of investment-linked insurances | 27 007 | 29 036 | 27 007 | 29 036 |
| Cash at bank and in hand etc. include paid but not yet invested net premiums of insurances valid at the closing of the accounts | 14 957 | | 14 957 | |

## 11 Change in capital and reserves

| **Parent company** | **1.1.1999** | **Increase** | **Decrease** | **31.12.1999** |
|---|---|---|---|---|
| **Restricted** | | | | |
| Equivalent funds | 26 650 | - | - | 26 650 |
| Guarantee capital | 12 000 | - | - | 12 000 |
| Revaluation reserve | 2 100 | - | - | 2 100 |
| | 40 750 | - | - | 40 750 |
| **Non-restricted** | | | | |
| Security reserve | 24 789 | 730 | - | 25 519 |
| Contingency reserve | 548 | - | - | 548 |
| Profit for the accounting period | 730 | 2 113 | -730 | 2 113 |
| | 26 067 | 2 843 | -730 | 28 180 |
| **Change in capital and reserves, total** | **66 817** | **2 843** | **-730** | **68 930** |

| **Group** | **1.1.1999** | **Increase** | **Decrease** | **31.12.1999** |
|---|---|---|---|---|
| **Restricted** | | | | |
| Equivalent funds | 26 650 | - | - | 26 650 |
| Guarantee capital | 12 000 | - | - | 12 000 |
| Revaluation reserve | 33 463 | 7 636 | - | 41 099 |
| | 72 113 | 7 636 | - | 79 749 |
| **Non-restricted** | | | | |
| Security reserve | 24 789 | 730 | - | 25 519 |
| Contingency reserve | 548 | - | - | 548 |
| Share of reserves and depreciation difference transferred to capital and reserve | 32 922 | - | -256 | 32 666 |
| Group loss for previous years | -47 706 | - | -7 115 | -54 821 |
| Loss for the accounting period | -6 041 | 6 041 | -10 139 | -10 139 |
| | 4 512 | 6 771 | -17 510 | -6 227 |
| **Change in capital and reserves, total** | **76 625** | **14 407** | **-17 510** | **73 522** |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **Analysis of the revaluation reserve** | | | | |
| Revaluation reserve 1.1 | 2 100 | 2 100 | 33 463 | 37 078 |
| Increase | - | - | 7 636 | - |
| Minority interest | - | - | - | -3 615 |
| Revaluation reserve 31.12 | 2 100 | 2 100 | 41 099 | 33 463 |
| of which related to fixed assets | 2 100 | 2 100 | 41 099 | 33 463 |
| **12 Reserves** | | | | |
| **Depreciation difference** | | | | |
| Accumulated depreciation difference 1.1 | 29 434 | 28 960 | 35 140 | 33 906 |
| Increase | 298 | 487 | 9 566 | 1 302 |
| Decrease | - | -13 | -818 | - |
| Accumulated depreciation difference 31.12 | 29 732 | 29 434 | 43 889 | 35 208 |
| **Optional reserves** | | | | |
| Credit loss reserve 1.1 | 8 090 | 8 830 | 9 261 | 10 077 |
| Increase | - | - | 584 | - |
| Decrease | -1 205 | -740 | -1 205 | -816 |
| Credit loss reserve 31.12 | 6 885 | 8 090 | 8 640 | 9 261 |
| Housing reserve 1.1 | - | - | 1 349 | 2 356 |
| Increase | - | - | 456 | 182 |
| Decrease | - | - | - | -249 |
| Housing reserve 31.12 | - | - | 1 805 | 2 289 |
| **Optional reserves, total 31.12** | **6 885** | **8 090** | **10 445** | **11 550** |
| **Reserves, total** | **36 617** | **37 524** | **54 333** | **46 758** |
| **Allocation** | | | | |
| Capital and reserves | | | -37 617 | -33 184 |
| Minority interest | | | -960 | -482 |
| Deferred tax | | | -15 757 | -13 092 |
| | | | 0 | 0 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| **13 Receivables and debts group companies and associated undertakings** | **1999** | **1998** | **1999** | **1998** |
| **13.1 Specification of receivables** | | | | |
| Group companies | | | | |
| Other loans | 45 385 | 69 626 | | |
| **13.2 Specification of loans** | | | | |
| Loans to group companies | | | | |
| Other loans | 14 568 | 25 319 | | |
| | | | | |
| **14 Debts maturing after five years or later** | | | | |
| Subordinated liabilities | 336 | 357 | - | - |
| State-subsidized housing loans | - | - | 887 | 828 |
| Mortgage loans | - | - | 20 652 | 20 765 |
| Other loans | - | - | 26 269 | 17 869 |
| | **336** | **357** | **47 808** | **39 462** |
| | | | | |
| **15 Provisions for unearned premiums** | | | | |
| Deferred acquisition cost deducted from provisions for outstanding claims in life insurance (zillmerization) | | | | |
| Life insurance | 3 052 | 5 181 | 3 104 | 5 266 |
| Pension insurance | 15 537 | 19 581 | 16 369 | 20 948 |
| | **18 589** | **24 762** | **19 473** | **26 214** |
| | | | | |
| **16 Net contingent liabilities and pledged assets** | | | | |
| Mortgages given | | | | |
| Liability coverage | - | - | 384 479 | - |
| Amount of liability | - | - | 370 122 | - |
| Liability for other loans | 62 | - | 19 116 | 69 238 |
| Amount of liability | 62 | - | 18 768 | 64 766 |
| Assets pledged | | | | |
| Liability coverage | 7 060 | - | 14 120 | - |
| Amount of liability | 6 069 | - | 12 138 | - |
| Derivates | | | | |
| Share derivates | | | | |
| Forward agreements | | | | |
| Underlying instrument | 4 703 | - | 9 406 | - |
| Current value | 6 069 | - | 12 138 | - |
| Index option contacts | | | | |
| Purchased | | | | |
| Book value of premiums | 732 | - | 1 093 | - |
| Current value of premiums | 732 | - | - | - |
| Drawn | | | | |
| Book value of premiums | 66 | - | 100 | - |
| Current value of premiums | 49 | - | 49 | - |
| Security loan contracts | | | | |
| Securities loaned | | | | |
| Book value | 675 | - | 1 350 | - |
| Current value | 6 069 | - | 12 138 | - |
| Other liability | | | | |
| Subscription commitments | 11 994 | 25 745 | 23 404 | 51 304 |

## 17 Insider loans

17.1 Monetary loans to a managing director, board member, supervisory board member, or auditor of the insurance company, a corporation or foundation belonging to the group, a corporation or foundation exercising authority in the insurance company, or a corporation or foundation exercising authority in such a corporation of foundation

Above-mentioned loans have not been granted

17.2 Monetary loans to a party who, on the basis of guarantee share ownership, can have at least 10 per cent of the insurance company's guarantee shares or voting rights conferred by guarantee shares or the same proportion of ownership or voting power in a corporation belonging to the same group as the insurance company

Monetary loans totally FIM 35 487 000.00

Above-mentioned loans have been eliminated in consolidated financial statement.

# Key Figures pertaining to Solvency

| 1000 FIM | Parent company | |
|---|---|---|
| | **1999** | **1998** |
| **Solvency margin** | | |
| Capital and reserves after profit distribution | 68 930 | 66 817 |
| Optional reserves and accumulated depreciation difference | 36 617 | 37 524 |
| Valuation difference between current asset values and book values on the balance sheet | 1 045 968 | 841 039 |
| Subordinated loans | 130 000 | 130 000 |
| Intengible assets and insurance acquisition cost not entered as expenses (-) | -18 946 | -18 953 |
| Other items | -1 428 | - |
| | **1 261 142** | **1 056 426** |
| Solvency margin required under the Insurance Companies Act, Chapter 11, Section 4 | 275 151 | 241 964 |
| Equalization provision included in the technical provisions for the years in which there are exceptionally large losses | 172 734 | 156 021 |
| The solvency margin and the equalization provision in proportion to technical provisions, net of reinsurance and reduced by the amount of the equalization provision (%) | | |
| - 1999 | 24.4 | |
| - 1998 | 22.9 | |
| - 1997 | 19.9 | |
| - 1996 | 20.6 | |
| - 1995 | 18.0 | |

# Proposal for the Appropriation of the Profit

The Board of Directors proposes that the profit of the accounting period in the amount of FIM 2 112 852.91 be transferred to security reserve.

If the Board of Directors' proposal for the appropriation of profits is approved, the company's capital and reserves will be as follows:

| | | |
|---|---|---|
| Restricted capital and reserve | | |
| Equivalent funds | 26 650 000.00 | |
| Guarantee capital | 12 000 000.00 | |
| Revaluation reserve | 2 100 000.00 | 40 750 000.00 |
| Non-restricted capital and reserve | | |
| Security reserve | 27 631 709.44 | |
| Contingency fund | 548 086.02 | 28 179 795.46 |
| | | 68 929 795.46 |

Espoo, 3rd April 2000

Asmo Kalpala

Pertti Heikkala

Juhani Heiskanen

Pentti Koskinen

Tom Liljeström

Jari Saine

# Auditors' report

**To the owners of Tapiola Mutual Life Insurance Company**

We have examined the bookkeeping, financial statements and administration of Tapiola Mutual Mutual Insurance Company for the 1999 financial year. The financial statements prepared by the Board of Directors and the Managing Director include an annual report, consolidated and parent company income statements and balance sheets, and appendices to the financial statements. On the basis of the audit, we hereby issue the following statement on the financial statements and administration.

Mr Mauno Tervo, C.P.A., has performed the supervisory audit of the company and a separate report was issued on 13th April 2000.

The bookkeeping as well as the principles, content and presentation of the financial statements have been examined in accordance with generally accepted auditing principles. In our examination of the administration, we have determined that the members of the Board and the Supervisory Board and the Managing Director have acted in accordance with the law.

The financial statements, which show a surplus for the parent company amounting to FIM 2,112,852.91 have been prepared in accordance with both the Bookkeeping Act and other rules and regulations concerning the preparations of financial statements. The financial statements provide, in the manner prescribed in the Bookkeeping Act, accurate and adequate information on the performance and financial standing of both the group and the parent company.

The financial statements of the parent company together with its consolidated financial statements can be adopted. The members of the Supervisory Board and the Board of Directors and the Managing Director may be discharged from responsibility for the financial year covered by our audit.

The proposal by the Board of Directors on the appropriation of the surplus is in accordance with the law.

Espoo, 27th April, 2000

SVH Pricewaterhouse Coopers Oy
firm of certified public accountants

**Mauno Tervo**
C.P.A.

**Ulla Holmström**
C.P.A.

# Report by the Supervisory Board

Having examined the financial statements, the consolidated financial statements and the auditors' report for 1999 financial year, the Supervisory Board recommends that the financial statements and its consolidated financial statements can be adopted.

Espoo, 4th May 2000

**Matti Ahde**
chairman

# Tapiola Corporate Life Insurance Company

Annual report 1999

TAPIOLA

Review by the managing director

# Tapiola Corporate Life Expects new selling opportunities

There was a marked rise in Tapiola Corporate Life's premiums written in 1999. This was due to the transfer of a fairly large pension foundation's premiums written as a single payment to Tapiola Corporate Life and also to the generally favourable development of optional personal insurances for companies.

The company's result and solvency remained at a good level.

A new type of group pension insurance called TOP was launched on the market in December and initial sales went well. This pension insurance product is particularly well suited as a means of rewarding the key personnel groups of companies.

The demand for optional personal insurances for companies is still growing. Risk-based, pension and saving insurances linked to both the technical interest rate and an investment base are attracting interest. Adding an investment-linked alternative to Tapiola Corporate Life's group pension solutions will be under development in the year 2000.

The incorporation of pension foundations into life insurance companies continues and fund valuation is decisively important in the competition for their business.

Jari Saine
*managing director*
*Tapiola Corporate Life*

## SUPERVISORY BOARD

The term commences at the AGM

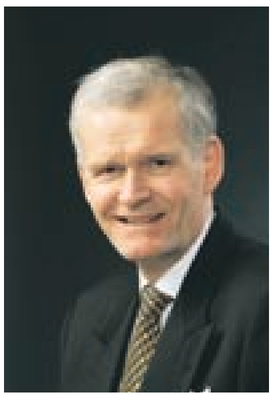
| | |
|---|---|
| **Kari Neilimo**<br>chairman,<br>professor, Kangasala | 1997-2000 |
| **Pekka Räihä**<br>deputy chairman,<br>mining councilor, Kajaani | 1997-2000 |
| **Jari Bachmann**<br>managing director, Helsinki | 1999-2002 |
| **Timo Hanttu**<br>managing director, Lappeenranta | 1999-2002 |
| **Magnus Hästö**<br>managing director, Helsinki | 1998-2001 |
| **Kalevi Liukkonen**<br>commercial councilor, Vaajakoski | 1998-2001 |
| **Joel Nemes**<br>managing director, Espoo | 1999-2002 |
| **Jorma Niiniaho**<br>managing director, Hamina | 1998-2001 |
| **Marjut Nordström**<br>managing director, Asikkala | 1997-2000 |
| **Jussi Pajunen**<br>chairman,<br>Helsinki | 1999-2002 |
| **Simo Palokangas**<br>managing director, Turku | 1997-2000 |
| **Matti Ristikangas**<br>managing director, Iisalmi | 1998-2001 |
| **Jukka Salminen**<br>director, Helsinki | 1999-2002 |
| **Antero Taanila**<br>provincial councilor, Kokkola | 1998-2001 |
| **Jouko Virranniemi**<br>managing director, Kuusamo | 1997-2000 |

## AUDITORS

**Mauno Tervo**
B.Sc. (Econ.), C.P.A.
**SVH PricewaterhouseCoopers Oy,**
firm of certified public accountants,
responsible auditor
**Ulla Holmström,** B.Sc. (Econ,), C.P.A.

Deputy auditors
**Jari Miikkulainen**
M.Sc. (Econ.), C.P.A.
**Mirja Tonteri**
B.Sc. (Econ.). C.P.A.

## BOARD OF DIRECTORS



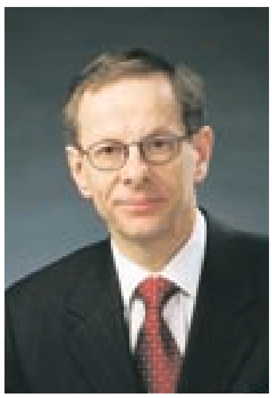
**Asmo Kalpala** (b.1950) chairman, Master of Economic Sciences. Chairman of the boards of Tapiola General, Tapiola Life and Tapiola Pension since 1987 and president since 1994; chairman of the board and president of Tapiola Corporate Life since 1994.
Chairman of the board of directors and board of management of the Federation of Finnish Insurance Companies since 2000.

Member of the board of the Insurance Employers' Association since 1988.
Member of the board of Metsä-Serla since 1990.
Deputy chairman of the board of YIT Corporation since 2000.
Deputy chairman of the supervisory board of Turva Insurance since 1995.
Member of the board of LTT-Tutkimus since 1988.

**Pertti Heikkala** (b. 1940) deputy chairman, Master of Economic Sciences. Managing director of Tapiola General since 1994.
Deputy chairman of the boards of Tapiola Pension and Tapiola Life since 1988; deputy chairman of the board of Tapiola Corporate Life since 1994.
Chairman of the board of the Federation of Accident Insurance Institutions since 1999.
Chairman of the Finnish Motor Insurers' Bureau since 1998.
Deputy chairman of the board of Turva Insurance since 1996.

**Juhani Heiskanen** (b.1948) Master of Arts, eMBA. Deputy managing director of Tapiola Pension, Tapiola Life and Tapiola Corporate Life since 1998 and director of Tapiola Pension since 1995.
Member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998.
Actuary and deputy member of the board of Turva Insurance since 1995.

**Pentti Koskinen** (b. 1942) Master of Philosophy, FIA. Actuarial director of Tapiola General, Tapiola Life and Tapiola Pension since 1992 and Tapiola Corporate Life since 1994.
Member of the boards of Tapiola General and Tapiola Corporate Life since 1994.



**Jari Saine** (b. 1951) Master of Philosophy, FIA. Managing director of Tapiola Life and Tapiola Corporate since 1994.
Member of the boards of Tapiola Life and Tapiola Corporate Life since 1994.
Member of the board of the Federation of Finnish Insurance Companies since 1998.
Member of the board of Retro Life Insurance Company since 1994.
Member of the board of Turva Insurance since 1996.
Member of the board of Seligson & Co since 1999.

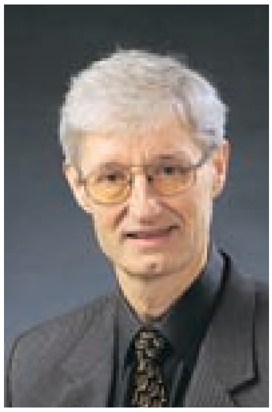
## Deputy members

**Antti Calonius** (b. 1950) Master of Political Sciences. Director of Major Clients, International operations and Brokers since 1993. Deputy member of the boards of Tapiola General and Tapiola Life since 1993 and Tapiola Corporate Life since 1994. Chairman of the board of Alma Insurance since 1995. Member of the boards of the Finnish Atomic Insurance Pool, the Finnish Pool of Aviation Insurance and the Finnish General Insurance Pool since 1989.

**Jari Eklund** (b. 1963) Master of Economic Sciences. Investment director of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998. Deputy member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998. Member of the board of Suomen Hypoteekkiyhdistys since 2000.

**Matti Luukko** (b. 1941) Master of Laws. Deputy managing director of Tapiola Life and Tapiola Corporate Life since 1994. Deputy member of the boards of Tapiola Life and Tapiola Corporate Life since 1994. Deputy chairman of the board of Employees' Group Life Insurance Pool since 1998.

**Alpo Mustonen** (b. 1938) until 31.12.1999. Director of Tapiola Pension, retired 31.12.1999. Deputy member of the board of Tapiola Corporate Life until 31.12.1999.



**Markku Paakkanen** (b. 1951) Licentiate of Philosophy, FIA. Economy director of Tapiola Insurance Group since 1998. Deputy member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate since 1998.

# ANNUAL REPORT 1999

***The company is a subsidiary of Tapiola Mutual Life Assurance Company. The emphasis in operations was on the development of investment-linked products and new types of group pension insurances. The company's result and solvency developed favourably in the review year and can be regarded as satisfactory.***

The company's products have been developed and this process will continue in the future. Tapiola Corporate Life's full-service operating model and its competitive products offer the opportunity for future growth and success. The need to control operating costs in these times of strong growth poses an important challenge for the company. The outlook for the future is good.

Preparatory work on the IT system changes necessitated by the turn of the millennium began in Tapiola as far back as at the end of 1996. Most of the necessary modifications were made over the following two years, and all of the work was completed by the end of 1999. A comprehensive programme of system tests and trial runs was carried out to ensure the millennium compliance of Tapiola's business operations. No problems were encountered in connection with the new millennium.

The changes required by the introduction of the euro are being planned and co-ordinated by the Euro project, which was set up for that specific purpose in 1997. The project has already designed the necessary technical solutions, clarified and scheduled the required measures and actions, and assessed the amount of work needed to modify all of the affected systems. Over the period 1998-2002, a total of 116 man-years of work will be needed to prepare the companies of the Tapiola Insurance Group for the introduction of the euro. The plans have therefore been made to ensure a smooth and flexible transition to the new currency.

## INSURANCE

**Premiums written** The company's premiums written rose by 41.9% from FIM 209 million to FIM 296 million, of which life insurance and pension insurance accounted for FIM 95 million and FIM 201 million, respectively.

The premiums written for individual life insurance rose from FIM 30 million in the previous year to FIM 39 million in 1999. The premiums written for capitalisation insurance rose from FIM 2 million to FIM 25 million. The premiums written for individual pension insurance rose from FIM 51 million in 1998 to FIM 55 million, and premiums written for optional employment pension insurance rose from FIM 93 million to FIM 146 million, most of which, i.e. FIM 70 million, was due to the dissolution of YIT Corporation's Pension Foundation. The provision for unearned premiums rose by FIM 132 million to FIM 994 million.

**Claims paid** Claims paid were FIM 200 million. Claims paid in respect of optional employment pension insurance rose were unchanged from the level of the previous year at FIM 173 million. Life insurance claims were FIM 27 million, a rise of 63.0 per cent. The provision for outstanding claims rose by FIM 115 million to FIM 1,855 million.

## INVESTMENTS

Net investment income was FIM 195 million, which includes net realised gains of FIM 54 million, and writedowns totalling FIM 9 million, comprising FIM 7 million in respect of shares and FIM 2 million in respect of other items. Writedowns of FIM 2 made in previous years were cancelled. In 1998 net investment income was FIM 177 million, net realised gains FIM 1 million and writedowns FIM 15 million.

Net interest and net income from investments other than land and buildings totalled FIM 102 million, and income from investments in land and buildings was FIM 21 million. The corresponding figures for the previous year were FIM 166 million and FIM 20 million, respectively.

The book value of the company's investment assets at the end of the year was FIM 2,869 million. Of this total, debt securities accounted for FIM 1,868 million and land and buildings for FIM 522 million. The current value of the company's investments was FIM 3,143 million.

### OPERATING EXPENSES

Net operating expenses reported on the Profit and Loss Account were FIM 35 million, which was FIM 5 million higher than in the previous year. This increase was due to the expansion of business activities.

Gross operating expenses, which include depreciation of FIM 1 million, are appropriately allocated to different functions. Investment expenses include both direct and indirect expenses.

Salaries and commissions totalled FIM 17 million, which was 16.7% higher than in the previous year. Pay-related expenses rose by 1.8% to FIM 4 million.

Most of the company's staff are employed not only by the parent company, Tapiola Mutual Life Assurance Company, but also by Tapiola General Mutual Insurance Company and Tapiola Mutual Pension Insurance Company. The payments for services produced using shared resources are included in the company's operating expenses under the same items as would have been used if the staff had been directly employed by the company.

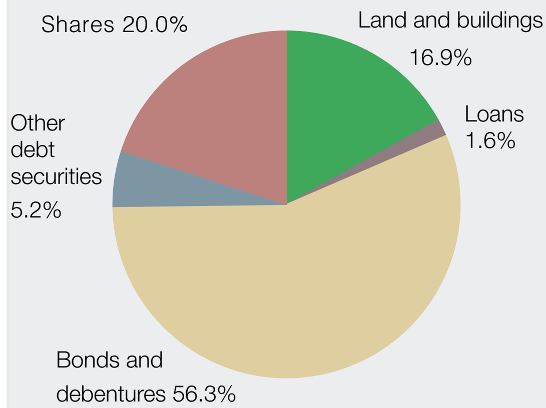
Salaries and commissions paid to members of the Board of Directors and to the Managing Director totalled FIM 279,092.00. Other salaries and commissions amounted to FIM 17,349,470.64. The total salaries and commissions figure was FIM 17,628,562.64.

### RESULT FOR THE ACCOUNTING PERIOD

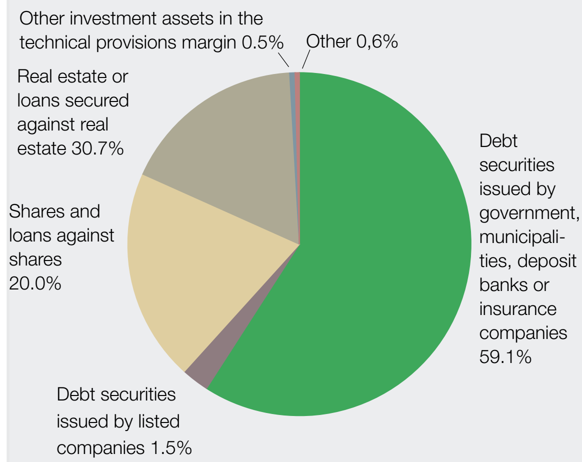
The company's operating profit was FIM 36 million, compared with FIM 39 million in the previous year. The company's technical result of FIM 70 million was quite satisfactory. The corresponding overall result for the previous year was FIM 71 million. The technical result incorporates the surpluses for underwriting, administrative costs and investment.

The underwriting result was FIM 2 million, compared with FIM 39 million in the previous year. The administrative cost result was a deficit of FIM 14 million, compared with a deficit of FIM 11 million in 1998. The investment surplus was FIM 83 million, compared with FIM 74 million in 1998. Technical provisions were increased by FIM 31 million owing to the lowering of the mortality basis and the technical interest rate.

**Tapiola Corporate Life**
**Investment assets**
Current value at 31.12.1999 FIM 3.1 billion




**Tapiola Corporate Life**
**Investment risk profile**
Current value a31.12.1999




*The categories are the same as in the regulations concerning the technical provisions margin.*

## PERFORMANCE ANALYSIS

| | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|
| Risk business | 2 | 8 | 6 | 5 | 5 |
| Cost business | -14 | -10 | -4 | -1 | 3 |
| Interest business | 83 | 73 | 37 | 39 | 48 |
| Revaluations | - | - | - | - | - |
| Liability supplements | -29 | -29 | - | - | - |
| Other items affecting the operating profit | -6 | -3 | -2 | -20 | 6 |
| OPERATING PROFIT | 36 | 39 | 37 | 23 | 62 |
| USE OF PROFIT | | | | | |
| Customer bonuses | -20 | -24 | -31 | -30 | -34 |
| Additional bonuses provision | -9 | -4 | -1 | 0 | 0 |
| Equalization provision | 2 | -2 | -1 | 18 | 1 |
| Extraordinary costs, reserves, taxes, depreciations etc. | -5 | -6 | -3 | -3 | -10 |
| Profit for the financial year | 4 | 3 | 1 | 8 | 19 |

FIM 20 million was set aside in the closing of the accounts for policyholder bonuses in the year 2000, compared with FIM 28 million in 1999. In addition to this, about FIM 9 million was set aside for future additional benefits, compared with FIM 4 million in the previous year. Altogether FIM 14 million has been set aside for future additional benefits.

Depreciation of FIM 3.0 million was charged according to plan. The full amount of depreciation permitted under the Business Taxation Act was charged. The credit loss reserve was brought into line with the full amount.

The company's share of the profit-sharing payment transferred to the Staff Fund of the Tapiola Insurance Group was FIM 218,000.00. It has been calculated according to the maximum amount and is included in the Profit and Loss Account under other expenses.

The solvency ratio rose from 115.2% to 116.3 per cent, mainly due to the increase in the company's valuation differences.

The Board of Directors proposes that the surplus of FIM 4,203,632.82 for the accounting period be transferred to retained earnings.

The Balance Sheet showed assets totalling FIM 3,029,281,242.39, compared with FIM 2,781,063,686.83 at the end of the previous year.

### CONSOLIDATED FINANCIAL STATEMENTS

Tapiola Corporate Life Insurance Group consisted of the parent company and 20 housing and real estate companies. One company was sold and one acquired during the review year.

**Premiums written** The group's gross premiums written were FIM 296 million. The provision for unearned premiums at the end of the year was FIM 994 million.

**Claims paid** Claims paid amounted to FIM 200 million, and the provision for outstanding claims at the end of the year was FIM 1,855 million.

### INVESTMENTS

Net investment income was FIM 192 million, which includes planned depreciation of FIM 10 million in respect of buildings. Writedowns of FIM 10 million were recorded. Writedowns of FIM 9 million made in previous years were cancelled. Realised gains were FIM 54 million. The book and current values of the group's investment assets at the end of the year were FIM 2,866 million and FIM 3,153 million, respectively.

### OPERATING EXPENSES

Net operating expenses were FIM 35 million, which was 16.9% higher than a previous year.

### RESULT FOR THE ACCOUNTING PERIOD

The group's operating profit was FIM 34 million, compared with FIM 42 million in the previous year. The technical result, which incorporates the surpluses for underwriting, administrative costs and

# Real estate portfolio, income and vacant premises at 31.12.1999

Real estate portfolio, FIM 1 000

| | |
|---|---|
| Current value | 595 092 |
| Book value and loans | 584 469 |
| Valuation difference | 10 623 |

| Type of real estate | Current value FIM 1 000 | Current value FIM/m² | Net yield FIM 1 000 | Net yield % | Potential net yield*) | Vacant floor area, m² | Vacancy rate |
|---|---|---|---|---|---|---|---|
| Non-residential premises | | | | | | | |
| Commercial and office premises | | | | | | | |
| - rented to outside parties | 241 349 | 6 882 | 11 559 | 4,8 | 5,0 | 35 071 | 3,2 |
| - in own use **) | 2 576 | 6 656 | 199 | 7,7 | 7,7 | 387 | 0,0 |
| Hotels | 81 016 | 7 772 | 6 548 | 8,1 | 8,1 | 10 424 | 0,0 |
| Total | 324 941 | 7 082 | 18 306 | 5,6 | 5,8 | 45 882 | 2,4 |
| Residential buildings ***) | 173 825 | 5 814 | 10 311 | 5,9 | 6,4 | 29 900 | 2,9 |
| Other properties and premises | | | | | | | |
| Under construction and acquired mid-year | 96 326 | | | | | | |
| Total | 96 326 | | | | | 9 843 | |
| REAL ESTATE PORTFOLIO | 595 092 | | | | | 85 625 | |

*) The potential net yield is augmented by imputed gross rent forthe vacant premises, which averages FIM 50/m²/month

**) The imputed gross rent for premises in Tapiola's own use averages FIM 67/m²/month

***) The net income from residential premises is augmented by a government interest subsidy of FIM 1 361 000

The average vacancy rate over the year for non-residential premises was 2.2%.

investments, was FIM 70 million, compared with FIM 71 million in 1998.

Depreciation of FIM 12 million was charged according to plan. The increase in the depreciation difference was FIM 2 million. The credit loss reserve in respect of receivables other than premiums was brought into line with the full amount.

The change in the depreciation difference and optional reserves as well as the depreciation difference and optional reserves are divided among deferred tax liability, minority interests and capital and reserves.

The profit for the accounting period was FIM 2,270,035.11 and the Balance Sheet showed assets totalling FIM 3,014,695,398.77.

# Financial Analysis

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | **1999** | **1998** | **1999** | **1998** |
| **Source of funds:** | | | | |
| Cash flow financing | | | | |
| Profit before interest expenses, extraordinary irems, appropriations and taxes | 9 946 | 8 398 | 5 916 | 12 629 |
| Adjustment items: | | | | |
| Change in technical provision | 245 937 | 158 494 | 245 937 | 158 494 |
| Investment devaluations and revaluations | -1 203 | 13 336 | 1 436 | 5 404 |
| Depreciation | 2 703 | 2 303 | 11 948 | 10 646 |
| | 257 383 | 182 531 | 265 238 | 187 173 |
| Capital financing | | | | |
| Increase in minority interest | - | - | 25 | - |
| Optional reserves | - | - | - | -5 125 |
| Increase in capital and reserves | - | 30 000 | - | 33 692 |
| | - | 30 000 | 25 | 28 566 |
| **Source of funds, total** | **257 383** | **212 531** | **265 263** | **215 740** |
| **Application of funds:** | | | | |
| Profit distribution | | | | |
| Interest on long-term liabilities | 1 560 | 3 166 | 19 | 3 166 |
| Taxes | 2 772 | 1 237 | 3 655 | 1 510 |
| | 4 332 | 4 403 | 3 674 | 4 676 |
| Investments | | | | |
| Increase in investments (net) | 244 376 | 217 820 | 242 440 | 217 709 |
| Increase in tangible and intangible assets (net) | 2 230 | 1 640 | 3 284 | 2 708 |
| | 246 606 | 219 460 | 245 724 | 220 417 |
| Repayments of capital | | | | |
| Decrease in minority interest | - | - | - | 486 |
| Decrease in capital and reserves | - | - | 63 | - |
| **Applications of funds, total** | **250 939** | **223 863** | **249 460** | **225 579** |
| **Increase/Decrease in working capital** | **6 445** | **-11 332** | **15 802** | **-9 840** |
| **Change in working capital** | | | | |
| Change in receivables | 4 468 | 12 380 | -8 081 | 9 209 |
| Change in cash at bank and in hand | -3 166 | 20 012 | -3 599 | 20 149 |
| Change in prepayments and accrued income | 1 810 | -36 333 | 1 914 | -36 112 |
| Change in deposits received from reinsurers | 65 | -103 | 65 | -103 |
| Change in amounts owed | -538 | -699 | 21 438 | 4 207 |
| Change in accruals and deferred income | 3 807 | -6 589 | 4 065 | -7 190 |
| **Increase/Decrease in working capital** | **6 445** | **-11 332** | **15 802** | **-9 840** |

# Profit and Loss Account

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| | | 1999 | 1998 | 1999 | 1998 |
| **Technical account:** | | | | | |
| Premiums written | | | | | |
| Premiums written | *1 | 296 298 | 208 757 | 296 298 | 208 757 |
| Reinsurers' share | | -8 171 | -7 459 | -8 171 | -7 459 |
| | | 288 127 | 201 297 | 288 127 | 201 297 |
| Investment income | 4 | 245 104 | 246 320 | 242 543 | 258 024 |
| Investment revaluations | | 2 882 | - | 2 882 | - |
| Claims incurred | | | | | |
| Claims paid | 2 | -199 642 | -189 034 | -199 642 | -189 034 |
| Reinsurers' share | | 6 175 | 4 166 | 6 175 | 4 166 |
| | | -193 467 | -184 868 | -193 467 | -184 868 |
| Change in provision for outstanding claims | | -114 719 | -77 866 | -114 719 | -77 866 |
| Reinsurers' share | | 18 | 150 | 18 | 150 |
| | | -114 701 | -77 716 | -114 701 | -77 716 |
| | | -308 168 | -262 584 | -308 168 | -262 584 |
| Change in provisions for unearned premiums | | | | | |
| Change in provisions for unearned premiums | | -131 574 | -81 421 | -131 574 | -81 421 |
| Reinsurers' share | | 337 | 643 | 337 | 643 |
| | | -131 237 | -80 778 | -131 237 | -80 778 |
| Operating expenses | 3 | -34 649 | -29 685 | -34 649 | -29 685 |
| Investment charge | 4 | -53 335 | -68 928 | -53 261 | -76 401 |
| Other expenses | | -31 | -48 | -31 | -49 |
| **Balance on technical account** | | **8 694** | **5 595** | **6 205** | **9 825** |
| | | | | | |
| **Non-technical account:** | | | | | |
| Other income | | 2 | - | 2 | - |
| Other expenses | | | | | |
| Depreciation in consolidation goodwill | | - | - | -1 | - |
| Other expenses | | -310 | -361 | -310 | -362 |
| | | -310 | -361 | -311 | -362 |
| Direct taxes on ordinary activities | | | | | |
| Taxes for the accounting period | | -2 722 | -1 282 | -2 722 | -1 282 |
| Taxes from previous years | | -50 | 45 | -54 | 45 |
| Change in deferred tax | | - | - | -878 | -273 |
| | | -2 772 | -1 237 | -3 655 | -1 510 |
| **Profit on ordinary activities after taxes** | | **5 614** | **3 995** | **2 243** | **7 953** |
| **Profit after extraordinary items** | | **5 614** | **3 995** | **2 243** | **7 953** |
| Increase in depreciation difference | | -827 | -910 | - | - |
| Decrease in optional reserves | | -584 | 76 | - | - |
| | | -1 411 | -834 | - | - |
| **Profit for the accounting period before minority interest** | | **4 204** | **3 161** | **2 243** | **7 953** |
| Minority interest in the profit for accounting period | | - | - | 27 | 0 |
| **Profit for the accounting period/ Group loss for the accounting period** | | **4 204** | **3 161** | **2 270** | **7 953** |

* Reference number in the Appendices

# APPENDICES TO THE PROFIT AND LOSS ACCOUNT

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **1 Premiums written** | | | | |
| Direct insurance | | | | |
| Life insurance | | | | |
| Individual life insurance | 38 799 | 30 341 | 38 799 | 30 341 |
| Employees' group life insurance | 6 397 | 6 570 | 6 397 | 6 570 |
| Other group life insurance | 25 747 | 25 185 | 25 747 | 25 185 |
| Capitalization agreements | 24 550 | 2 450 | 24 550 | 2 450 |
| | 95 493 | 64 545 | 95 493 | 64 545 |
| Pension insurance | | | | |
| Individual pension insurance | 55 260 | 51 251 | 55 260 | 51 251 |
| Optional employment pension insurance | 145 560 | 92 977 | 145 560 | 92 977 |
| | 200 821 | 144 229 | 200 820 | 144 229 |
| **Gross premiums written** | **296 314** | **208 774** | **296 313** | **208 774** |
| Credit loss on premiums | -15 | -17 | -15 | -17 |
| **Premiums written before reinsurers' share** | **296 298** | **208 757** | **296 298** | **208 757** |
| | | | | |
| **Premiums written before credit losses and reinsurers' share** | | | | |
| Continuous premiums | 169 065 | 181 618 | 169 065 | 181 618 |
| Lump-sum premiums | 127 248 | 27 156 | 127 248 | 27 156 |
| Total | 296 313 | 208 774 | 296 313 | 208 774 |
| | | | | |
| Premiums from agreements entitled to bonuses | 296 313 | 208 774 | 296 313 | 208 774 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | **1999** | **1998** | **1999** | **1998** |
| **1.1 The effect of bonuses and rebates on the result from life insurance** | | | | |
| Bonuses | | | | |
| Life insurance | | | | |
| Individual life insurance | 819 | 123 | 819 | 123 |
| Other group life insurance | 2 449 | 556 | 2 449 | 556 |
| Capitalization agreements | 1 438 | 1 509 | 1 438 | 1 509 |
| | 4 706 | 2 189 | 4 706 | 2 189 |
| Pension insurance | | | | |
| Individual life insurance | 2 451 | 1 131 | 2 451 | 1 131 |
| Optional employment pension insurance | 21 734 | 27 353 | 21 734 | 27 353 |
| | 24 185 | 28 484 | 24 185 | 28 485 |
| | **28 891** | **30 673** | **28 891** | **30 673** |
| Rebates | | | | |
| Life insurance | | | | |
| Other group life insurance | 70 | - | 70 | - |
| | 28 961 | 30 673 | 28 961 | 30 673 |
| **2 Claims paid before reinsurers' share** | | | | |
| Direct insurance | | | | |
| Life insurance | 21 814 | 12 062 | 21 814 | 12 062 |
| Surrenders | 339 | 305 | 339 | 305 |
| | 22 153 | 12 367 | 22 153 | 12 368 |
| Pension insurance | 171 942 | 172 023 | 171 942 | 172 023 |
| Surrenders | 771 | 476 | 771 | 476 |
| | 172 713 | 172 500 | 172 713 | 172 500 |
| | 194 867 | 184 867 | 194 867 | 184 867 |
| Reinsurance | 4 775 | 4 166 | 4 775 | 4 166 |
| **Claims paid, total** | **199 642** | **189 033** | **199 642** | **189 034** |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **3 Specification of operating expenses** | | | | |
| **3.1 Total operating expenses by function** | | | | |
| Claims paid | 2 312 | 1 807 | 2 312 | 1 807 |
| Operating expenses | 34 649 | 29 685 | 34 649 | 29 685 |
| Investment charges | 5 554 | 5 467 | 13 877 | 15 614 |
| Other expenses | 310 | 361 | 310 | 362 |
| **Total** | **42 824** | **37 321** | **51 148** | **47 467** |
| **3.2 Depreciation by function** | | | | |
| Claims paid | 28 | 1 | 28 | 1 |
| Operating expenses | 1 369 | 926 | 1 369 | 926 |
| Investment charges | 45 | 48 | 327 | 1 441 |
| Other expenses, depreciation on goodwill | - | - | 1 | - |
| **Total** | **1 443** | **975** | **1 725** | **2 367** |
| **3.3 Staff expenses** | | | | |
| Salaries and commissions | 17 111 | 14 669 | 17 272 | 14 830 |
| Monetary value on fringe benefits | 674 | 646 | 674 | 646 |
| Pension expenses | 2 340 | 2 362 | 2 392 | 2 400 |
| Other social expenses | 1 670 | 1 579 | 1 647 | 1 565 |
| **Total** | **21 795** | **19 256** | **21 985** | **19 441** |
| Salaries and renumerations to members of the board, members of supervisory board and the managing director | 279 | 400 | 279 | 400 |
| Pension commitments in favour of member of the board and of the managing director | | | | |
| The retirement age of the management and of the members of the board employed by the company has been agreed at 60-63 years | | | | |
| Average number of personnel during the financial year | 0 | 0 | 0 | 0 |
| **3.4 Operating expenses in Profit and Loss Account** | | | | |
| Insurance policy acquisition cost | | | | |
| Commissions for direct insurance | 1 031 | 867 | 1 031 | 884 |
| Other insurance policy acquisition cost | 14 215 | 12 479 | 14 215 | 12 462 |
| | 15 246 | 13 346 | 15 246 | 13 346 |
| Insurance policy management expenses | 11 884 | 9 472 | 11 884 | 9 472 |
| Administrative expenses | 8 229 | 7 625 | 8 229 | 7 625 |
| Commissions for reinsurance ceded | -710 | -758 | -710 | -758 |
| **Total** | **34 649** | **29 685** | **34 649** | **29 685** |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| **4 Analysis of net investment income** | **1999** | **1998** | **1999** | **1998** |
| **Investment income:** | | | | |
| Income from investments in group companies | | | | |
| Interest income | 299 | 374 | 129 | 271 |
| Income from investments in land and buildings | | | | |
| Group companies | | | | |
| Interest income | 6 255 | 6 961 | 1 687 | 2 977 |
| Other income | 45 | 35 | 45 | 35 |
| | 6 301 | 6 996 | 1 732 | 3 012 |
| Other companies | | | | |
| Interest income | 50 | 42 | 50 | 42 |
| Other income | 49 390 | 39 254 | 50 501 | 44 386 |
| | 49 439 | 39 295 | 50 551 | 44 428 |
| | 55 740 | 46 292 | 52 283 | 47 440 |
| Incom from other investments | | | | |
| Dividend income | 18 160 | 5 548 | 18 160 | 5 548 |
| Interest income | 103 789 | 171 068 | 103 797 | 171 152 |
| Other income | 2 095 | 1 228 | 2 095 | 1 402 |
| | 124 043 | 177 844 | 124 052 | 178 102 |
| Total | 180 082 | 224 510 | 176 465 | 225 813 |
| Depreciation cancellations | 7 439 | 1 583 | 8 604 | 9 705 |
| Realized gains on investments | 57 583 | 20 226 | 57 474 | 22 506 |
| **Total** | **245 104** | **246 320** | **242 543** | **258 024** |
| | | | | |
| **Investment expenses:** | | | | |
| Expenses for land and buildings | | | | |
| Group companies | -24 757 | -17 461 | -6 517 | -6 297 |
| Other companies | -10 230 | -9 076 | -18 327 | -19 222 |
| | -34 987 | -26 536 | -24 844 | -25 519 |
| Expenses from other investments | -1 740 | -3 462 | -1 740 | -3 462 |
| Interest and other liability expenses | | | | |
| Group companies | -2 061 | -3 309 | -2 204 | -3 309 |
| Other companies | -259 | -220 | -321 | -892 |
| | -2 320 | -3 530 | -2 525 | -4 201 |
| Total | -39 047 | -33 528 | -29 108 | -33 182 |
| Value adjustments on investments | | | | |
| Devaluation | -9 117 | -14 920 | -10 040 | -15 109 |
| Planned depreciations on buildings | -1 261 | -1 329 | -10 204 | -8 957 |
| | -10 378 | -16 249 | -20 244 | -24 066 |
| Realized losses on investments | -3 909 | -19 152 | -3 909 | -19 152 |
| **Total** | **-53 335** | **-68 928** | **-53 261** | **-76 401** |
| **Net investment income before revaluations and their adjustments** | **191 770** | **177 392** | **189 281** | **181 624** |
| Investment revaluations | 2 882 | - | 2 882 | - |
| **Net investment income on the Profit and Loss Account** | **194 651** | **177 392** | **192 163** | **181 624** |
| Avoir fiscal tax credit included in dividend income | 2 332 | 1 362 | 2 322 | 1 362 |
| Investment-linked insurances' part of the net income from investments in the profit and loss account | 2 882 | - | 2 882 | - |

# BALANCE SHEET

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| **Assets** | | **1999** | **1998** | **1999** | **1998** |
| **Intangible assets** | | | | | |
| Other long-term expenses | 9 | **5 641** | **4 851** | **5 773** | **4 851** |
| **Investments** | 5 | | | | |
| Investments in land and buildings | 6 | | | | |
| Land and buildings | | 413 040 | 389 477 | 499 080 | 472 364 |
| Loans to group companies | | 108 910 | 110 227 | 20 400 | 38 400 |
| | | 521 950 | 449 704 | 519 480 | 510 764 |
| Other investments | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 7 | 386 519 | 288 593 | 386 627 | 288 689 |
| Debt securities | | 1 868 162 | 1 805 811 | 1 868 162 | 1 805 811 |
| Loans guaranteed by mortgages | | 3 167 | 3 186 | 3 167 | 3 186 |
| Other loans | 8 | 48 026 | 3 449 | 48 026 | 3 450 |
| Deposits | | 41 000 | 52 644 | 41 000 | 52 644 |
| | | 2 346 874 | 2 153 683 | 2 346 982 | 2 153 780 |
| | | **2 868 824** | **2 653 387** | **2 866 462** | **2 664 544** |
| **Investments as coverage of investment-linked insurances** | 10 | **28 882** | **-** | **28 882** | **-** |
| **Debtors** | 13 | | | | |
| Arising out of direct insurance operations | | | | | |
| Policyholders | | 8 886 | 10 120 | 8 886 | 10 120 |
| Other debtors | | 17 507 | 11 804 | 3 852 | 10 698 |
| | | **26 392** | **21 925** | **12 738** | **20 818** |
| **Other assets** | | | | | |
| Tangible assets | | | | | |
| Equipment | 9 | 7 | 10 | 981 | 363 |
| Cash at bank and in hand | | 27 370 | 30 536 | 27 370 | 30 969 |
| | | **27 377** | **30 546** | **28 351** | **31 332** |
| **Prepayments and accrued income** | | | | | |
| Interest and rents | | 60 627 | 56 612 | 60 687 | 56 664 |
| Other prepayments and accrued income | | 11 538 | 13 742 | 11 803 | 13 912 |
| | | **72 164** | **70 355** | **72 490** | **70 576** |
| | | **3 029 281** | **2 781 064** | **3 014 695** | **2 792 122** |

# Balance Sheet

| 1000 FIM | | Parent company | | Group | |
|---|---|---|---|---|---|
| **Liabilities** | | **1999** | **1998** | **1999** | **1998** |
| **Capital and reserves** | 11 | | | | |
| Restricted | | | | | |
| Subscribed capital | | 37 300 | 37 300 | 37 300 | 37 300 |
| Reserve fund | | 41 180 | 41 180 | 41 180 | 41 180 |
| Revaluation reserve | | - | - | 1 478 | 1 478 |
| | | 78 480 | 78 480 | 79 958 | 79 958 |
| Non-restricted | | | | | |
| Share of reserves and depreciation difference transferred to capital and reserve | | - | - | 4 331 | 3 690 |
| Profit for previous years | | 34 816 | 31 655 | 20 376 | 13 127 |
| Profit for the accounting period | | 4 204 | 3 161 | 2 270 | 7 953 |
| | | 39 020 | 34 816 | 29 977 | 24 770 |
| | | **117 500** | **113 296** | **106 935** | **104 727** |
| **Minority interest** | | **-** | **-** | **5 066** | **5 068** |
| **Reserves** | 12 | | | | |
| Accumulated depreciation difference | | 4 634 | 3 807 | - | - |
| Optional reserves | | 1 755 | 1 171 | - | - |
| | | **6 389** | **4 978** | **-** | **-** |
| **Subordinated liabilities** | | **30 000** | **30 000** | **30 000** | **30 000** |
| **Technical provisions** | | | | | |
| Provisions for unearned premiums | 14 | 994 264 | 862 691 | 994 264 | 862 691 |
| Reinsurers' share | | -4 295 | -3 958 | -4 295 | -3 958 |
| | | 989 969 | 858 733 | 989 969 | 858 733 |
| Provision for outstanding claims | 15 | 1 855 418 | 1 740 700 | 1 855 418 | 1 740 700 |
| Reinsurers' share | | -918 | -900 | -918 | -900 |
| | | 1 854 500 | 1 739 799 | 1 854 500 | 1 739 799 |
| | | **2 844 469** | **2 598 532** | **2 844 469** | **2 598 532** |
| **Deposits received from reinsurers** | | **758** | **823** | **758** | **823** |
| **Creditors** | 8 | | | | |
| Arising out of reinsurance operations | | 484 | 715 | 484 | 715 |
| Loans to financial institutes | | 5 487 | 5 487 | 2 647 | 1 708 |
| Other creditors | | 12 407 | 11 638 | 11 832 | 33 978 |
| | | **18 378** | **17 840** | **14 963** | **36 401** |
| **Accruals and deferred income** | | **11 787** | **15 594** | **12 504** | **16 569** |
| | | **3 029 281** | **2 781 064** | **3 014 695** | **2 792 122** |

# Appendices to he Balance Sheet

| 1000 FIM | Parent company | | | Group | | |
|---|---|---|---|---|---|---|

**5 Current value and valuation difference of investments**
**Investments 31.12.1999**

| | Remaining acquisition cost | Book value | Current value | Remaining acquisition cost | Book value | Current value |
|---|---|---|---|---|---|---|
| Investments in land and buildings | | | | | | |
| Land and buildings | 52 762 | 52 762 | 55 041 | 311 050 | 312 550 | 333 199 |
| Group company shares | 289 919 | 289 919 | 298 102 | 116 171 | 116 171 | 117 891 |
| Other real estate shares | 70 359 | 70 359 | 70 520 | 70 359 | 70 359 | 70 520 |
| Loans to group companies | 108 910 | 108 910 | 108 910 | 20 400 | 20 400 | 20 400 |
| | 521 950 | 521 950 | 532 573 | 517 980 | 519 480 | 542 010 |
| Other investments | | | | | | |
| Shares and other variable-yield securities and units in unit trusts | 386 519 | 386 519 | 627 452 | 386 627 | 386 627 | 627 485 |
| Debt securities | 1 868 162 | 1 868 162 | 1 890 983 | 1 868 162 | 1 868 162 | 1 890 983 |
| Loans guaranteed by mortgages | 3 167 | 3 167 | 3 167 | 3 167 | 3 167 | 3 167 |
| Other loans | 48 026 | 48 026 | 48 026 | 48 026 | 48 026 | 48 026 |
| Deposits | 41 000 | 41 000 | 41 000 | 41 000 | 41 000 | 41 000 |
| | 2 346 874 | 2 346 874 | 2 610 628 | 2 346 982 | 2 346 982 | 2 610 662 |
| | **2 868 824** | **2 868 824** | **3 143 201** | **2 864 962** | **2 866 462** | **3 152 672** |
| The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it | -54 560 | | | -54 560 | | |
| The book value consists of | | | | | | |
| Other revaluations | | - | | | 1 500 | |
| Valuation difference (difference between current and book values) | | | 274 377 | | | 286 210 |
| Improved result due to changed valuation principle of debt securities | | 15 204 | | | 15 204 | |

| 1000 FIM | Parent company | | | Group | | |
|---|---|---|---|---|---|---|

**5 Current value and valuation difference of investments**
**Investments 31.12.1998**

| | Remaining acquisition cost | Book value | Current value | Remaining acquisition cost | Book value | Current value |
|---|---|---|---|---|---|---|
| Investments in land and buildings | | | | | | |
| Land and buildings | 54 023 | 54 023 | 57 611 | 309 986 | 309 986 | 341 903 |
| Group company shares | 289 248 | 289 248 | 292 154 | 116 171 | 116 171 | 116 253 |
| Other real estate shares | 46 207 | 46 207 | 48 999 | 46 207 | 46 207 | 48 999 |
| Loans to group companies | 110 227 | 110 227 | 110 227 | 38 400 | 38 400 | 38 400 |
| | 499 704 | 499 704 | 508 991 | 510 764 | 510 764 | 545 555 |
| Other investments | | | | | | |
| Shares and variable-yield securities and units in unit trusts | 288 593 | 288 593 | 361 423 | 288 689 | 288 689 | 361 443 |
| Debt securities | 1 805 811 | 1 805 811 | 1 930 574 | 1 805 811 | 1 805 811 | 1 930 574 |
| Loans guaranteed by mortgages | 3 186 | 3 186 | 3 186 | 3 186 | 3 186 | 3 186 |
| Other loans | 3 449 | 3 449 | 3 449 | 3 450 | 3 450 | 3 450 |
| Deposits | 52 644 | 52 644 | 52 644 | 52 644 | 52 644 | 52 644 |
| | 2 153 683 | 2 153 683 | 2 351 276 | 2 153 780 | 2 153 780 | 2 351 296 |
| | **2 653 387** | **2 653 387** | **2 860 266** | **2 664 544** | **2 664 544** | **2 896 851** |
| The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it | -39 549 | | | -39 549 | | |
| Valuation difference (difference between current and book values) | | | 206 879 | | | 232 308 |

| 1000 FIM | Parent company | | | Group | | |
|---|---|---|---|---|---|---|

**6 Change in investments in land and buildings**
**31.12.1999**

| | **Buildings** | **Land and water areas and real estate shares** | **Loans to group companies** | **Buildings** | **Land and water areas and real estate shares** | **Loans to group companies** |
|---|---|---|---|---|---|---|
| Acquisition cost 1.1 | 59 380 | 372 919 | 110 227 | 336 908 | 236 141 | 38 400 |
| Increase | - | 35 896 | 18 076 | 13 921 | 33 575 | - |
| Decrease | - | -11 073 | -19 393 | -852 | -11 073 | -18 000 |
| cquisition cost 31.12 | 59 380 | 397 742 | 108 910 | 349 976 | 258 643 | 20 400 |
| Revaluations 1.1. | - | - | - | 1 000 | 500 | - |
| Revaluations 31.12 | - | - | - | 1 000 | 500 | - |
| Accumulated depreciation according to plan/devaluations 1.1 | -5 358 | -37 464 | - | -63 491 | -37 464 | - |
| Depreciations according to plan/ devaluations and devaluation cancellations | -1 261 | - | - | -10 084 | - | - |
| Accumulated depreciation according to plan/devaluations 31.12 | -6 619 | -37 464 | - | -73 575 | -37 464 | - |
| **Book value after depreciations according to plan/ devaluations 31.12** | **52 762** | **360 278** | **108 910** | **277 401** | **221 679** | **20 400** |
| Accumulated depreciations in exess of plan 1.1 | -3 807 | | | -3 911 | | |
| Depreciations above/below plan | -827 | | | -1 969 | | |
| Accumulated depreciations in exess of plan 31.12 | -4 634 | | | -5 880 | | |
| Fully depreciated value of buildings 31.12 | 48 127 | | | 271 521 | | |

| | Parent company | | Group | |
|---|---|---|---|---|
| | **1999** | **1998** | **1999** | **1998** |
| **Land and buildings for own use** | | | | |
| Remaining acquisition cost | 2 185 | 1 636 | 549 | 1 636 |
| Book value | 2 185 | 1 636 | 549 | 1 636 |
| Current value | 2 576 | 2 027 | 549 | 1 653 |
| **Group companies** | | | | |
| Number of companies | 20 | 20 | | |
| Loss for the accounting period, total | -121 | -1 113 | | |
| Capital and reserves, total | 120 395 | 120 602 | | |

# Portfolio

| 7 Other investments, Shares and other variable-yield securities and units in unit trusts | Parent company No. of shares | Book value FIM 1000 31.12.1999 | Current value FIM 1000 31.12.1999 | Group No. of shares | Book value FIM 1000 31.12.1999 | Current value FIM 1000 31.12.1999 |
|---|---|---|---|---|---|---|
| JOT Automation Group Oyj | 731 000 | 455 | 40 204 | 731 000 | 455 | 40 204 |
| Sonera Oyj | 81 000 | 3 645 | 32 773 | 81 000 | 3 645 | 32 773 |
| Orion-Yhtymä Oyj | 178 300 | 20 007 | 24 277 | 178 300 | 20 007 | 24 277 |
| Nokia Oyj | 21 000 | 2 231 | 22 475 | 21 000 | 2 231 | 22 475 |
| Ericsson Ab | 60 000 | 7 248 | 22 165 | 60 000 | 7 248 | 22 165 |
| Novo Group Oyj | 74 640 | 11 451 | 21 302 | 74 640 | 11 451 | 21 302 |
| Huhtamäki Van Leer Oyj | 87 800 | 13 927 | 17 540 | 87 800 | 13 927 | 17 540 |
| Instrumentarium Oyj | 87 549 | 15 577 | 16 866 | 87 549 | 15 577 | 16 866 |
| Munters Ab | 222 000 | 9 818 | 15 570 | 222 000 | 9 818 | 15 570 |
| Kesko Oyj | 205 200 | 13 361 | 15 373 | 205 200 | 13 361 | 15 373 |
| Schibsted ASA | 139 000 | 7 876 | 14 735 | 139 000 | 7 876 | 14 735 |
| Lassila & Tikanoja Oyj | 100 700 | 10 372 | 14 669 | 100 700 | 10 372 | 14 669 |
| Uponor Oyj | 136 100 | 11 580 | 14 242 | 136 100 | 11 580 | 14 242 |
| Novartis Ag Reg | 1 500 | 12 609 | 12 880 | 1 500 | 12 609 | 12 880 |
| Orkla Ab | 128 571 | 8 599 | 12 636 | 128 571 | 8 599 | 12 636 |
| Heinz Hj Comp. | 50 000 | 11 875 | 11 875 | 50 000 | 11 875 | 11 875 |
| Fortum Oyj | 437 021 | 10 670 | 11 693 | 437 021 | 10 670 | 11 693 |
| Helsingin Puhelin Oyj (ml. HPY Holding A) | 40 000 | 4 931 | 11 561 | 40 000 | 4 931 | 11 561 |
| YIT-Yhtymä Oyj | 177 215 | 8 794 | 11 485 | 177 215 | 8 794 | 11 485 |
| Nokia Renkaat Oyj | 51 000 | 5 606 | 11 462 | 51 000 | 5 606 | 11 462 |
| Tamro Oyj | 627 802 | 11 348 | 11 348 | 627 802 | 11 348 | 11 348 |
| Perlos Oyj | 54 000 | 3 050 | 11 237 | 54 000 | 3 050 | 11 237 |
| Bayer Ag | 40 000 | 7 970 | 10 952 | 40 000 | 7 970 | 10 952 |
| Metra Oyj | 83 800 | 6 935 | 9 207 | 83 800 | 6 935 | 9 207 |
| Merck & Co. | 21 000 | 7 529 | 8 429 | 21 000 | 7 529 | 8 429 |
| Others | | 159 057 | 220 497 | | 159 164 | 220 530 |
| Total | | 386 519 | 627 452 | | 386 627 | 627 485 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **8 Other investments** | | | | |
| **8.1 Other loans as guaranteed** | | | | |
| Bank guarantee | 1 002 | 1 503 | 1 002 | 1 503 |
| Other security | 47 024 | 1 946 | 47 024 | 1 947 |
| **Remaining acquisition cost, total** | **48 026** | **3 449** | **48 026** | **3 450** |

**9 Change in tangible and intangible assets 31.12.1999**

| | Parent company | | | Group | | | |
|---|---|---|---|---|---|---|---|
| | Intangible assets and long-term expenditure | Equipment | Total | Intangible assets and long-term expenditure | Consoli-dation goodwill | Equipment | Total |
| Acquisition cost 1.1 | 6 057 | 349 | 6 406 | 6 188 | - | 2 794 | 8 983 |
| Fully depreciated in the previous year | -31 | - | -31 | -31 | - | - | -31 |
| Acquisitions | 2 230 | - | 2 230 | 2 230 | 1 | 673 | 2 904 |
| Acquisition cost 31.12 | 8 255 | 349 | 8 605 | 8 387 | 1 | 3 467 | 11 856 |
| Accumulated depreciations according to plan 1.1 | -1 205 | -339 | -1 545 | -1 205 | - | -2 202 | -3 407 |
| Fully depreciated in the previous year | 31 | - | 31 | 31 | - | - | 31 |
| Depreciations according to plan | -1 440 | -2 | -1 442 | -1 440 | 1 | -284 | -1 725 |
| Accumulated depreciations according to plan 31.12 | -2 614 | -342 | -2 956 | -2 614 | - | -2 486 | -5 101 |
| **Acquisition cost after depreciations according to plan 31.12** | **5 642** | **7** | **5 649** | **5 773** | **0** | **981** | **6 754** |
| Accumulated depreciations in exess of plan 1.1 | - | - | - | - | - | - | - |
| Depreciations above/below plan | - | - | - | - | - | -72 | -72 |
| Accumulated depreciations in exess of plan 31.12 | - | - | - | - | - | -72 | -72 |
| Net expenditure after depreciations 31.12 | 5 642 | 7 | 5 649 | 5 773 | 0 | 909 | 6 682 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| **10 Investments as coverage of investment-linked insurances** | **Original acquisition cost 1999** | **Current value 1999** | **Original acquisition cost 1999** | **Current value 1999** |
| Shares and other variable-yield securities and units in unit trusts | 26 000 | 28 882 | 26 000 | 28 882 |
| Cash at bank and in hand | 0 | 0 | 0 | 0 |
| **Total** | **26 000** | **28 882** | **26 000** | **28 882** |
| Investments acquired in advance | 26 000 | 28 882 | 26 000 | 28 882 |
| Investments corresponding to the technical provision of investment-linked insurances | 0 | 0 | 0 | 0 |
| Cash at bank and in hand etc. include paid but not yet invested net premiums of insurances valid at the closing of the accounts | 0 | 0 | 0 | 0 |

**11 Change in capital and reserves**

| **Parent company** | **1.1.1999** | **Increase** | **Decrease** | **31.12.1999** |
|---|---|---|---|---|
| **Restricted** | | | | |
| Subscribed capital | 37 300 | - | - | 37 300 |
| Reserve fund | 41 180 | - | - | 41 180 |
| | 78 480 | - | - | 78 480 |
| **Non-restricted** | | | | |
| Profit for previous years | 31 655 | 3 161 | - | 34 816 |
| Profit for the accounting period | 3 161 | 4 204 | -3 161 | 4 204 |
| | 34 816 | 7 364 | -3 161 | 39 020 |
| **Change in capital and reserves, total** | **113 296** | **7 365** | **-3 161** | **117 500** |

| **Group** | **1.1.1999** | **Increase** | **Decrease** | **31.12.1999** |
|---|---|---|---|---|
| **Restricted** | | | | |
| Subscribed capital | 37 300 | - | - | 37 300 |
| Reserve fund | 41 180 | - | - | 41 180 |
| Revaluation reserve | 1 478 | - | - | 1 478 |
| | 79 958 | - | - | 79 958 |
| **Non-restricted** | | | | |
| Share of reserves and depreciation difference transferred to capital and reserve | 3 690 | 641 | - | 4 331 |
| Group profit for previous years | 13 127 | 7 953 | -703 | 20 376 |
| Profit for the accounting period | 7 953 | 2 270 | -7 953 | 2 270 |
| | 24 770 | 10 863 | -8 656 | 26 977 |
| **Change in capital and reserves, total** | **104 727** | **10 863** | **-8 656** | **106 935** |

| **Analysis of the revaluation reserve** | | | | |
|---|---|---|---|---|
| Revaluation reserve 1.1 | - | - | 1 478 | 1 478 |
| Revaluation reserve 31.12 | - | - | 1 478 | 1 478 |
| of which related to fixed assets | - | - | 1 478 | 1 478 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **12 Reserves** | | | | |
| **Depreciation difference** | | | | |
| Accumulated depreciation difference 1.1 | 3 807 | 2 898 | 3 911 | 2 984 |
| Increase | 827 | 910 | 2 145 | 928 |
| Decrease | - | - | -104 | - |
| Accumulated depreciation difference 31.12 | 4 634 | 3 807 | 5 952 | 3 911 |
| **Optional reserves** | | | | |
| Credit loss reserve 1.1 | 1 171 | 1 247 | 1 171 | 1 247 |
| Increase | 584 | - | 584 | - |
| Decrease | - | -76 | - | -76 |
| Credit loss reserve 31.12 | 1 755 | 1 171 | 1 755 | 1 171 |
| Housing reserve 1.1 | - | - | 1 017 | 895 |
| Increase | - | - | 405 | 182 |
| Decrease | - | - | - | -59 |
| Housing reserve 31.12 | - | - | 1 422 | 1 017 |
| **Optional reserves, total 31.12** | **1 755** | **1 171** | **3 177** | **2 188** |
| **Reserves, total** | **6 389** | **4 978** | **9 129** | **6 100** |
| **Allocation** | | | | |
| Capital and reserves | | | -6 479 | -4 392 |
| Minority interest | | | -3 | - |
| Deferred tax | | | -2 647 | -1 708 |
| | | | 0 | 0 |

**13 Receivables and debts group companies and associated undertakings**

| | 1999 | 1998 |
|---|---|---|
| **13.1 Specification of receivables** | | |
| Group companies | | |
| Other loans | 15 988 | 8 994 |
| **13.2 Specification of loans** | | |
| Loans to group companies | | |
| Loans to financial institutes | 5 487 | 5 487 |
| Other loans | 8 031 | 1 700 |
| | 13 518 | 7 187 |

**14 Debts maturing after five years or later**

| | 1999 | 1998 |
|---|---|---|
| Loans to financial institutes | 5 487 | 5 487 |

| 1000 FIM | Parent company | | Group | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| **15 Provisions for unearned premiums** | | | | |
| Deferred acquisition cost deducted from provisions for outstanding claims in life insurance (zillmerization) | | | | |
| Life insurance | 51 | 84 | 51 | 84 |
| Pension insurance | 832 | 1 368 | 832 | 1 368 |
| | **883** | **1 452** | **883** | **1 452** |
| **16 Net contingent liabilities and pledged assets** | | | | |
| Mortgages given | | | | |
| Liability coverage | 5 500 | - | 58 100 | 22 250 |
| Amount of liability | 5 487 | - | 56 969 | 18 910 |
| Assets pledged | | | | |
| Liability coverage | 7 060 | - | 7 060 | - |
| Amount of liability | 6 069 | - | 6 069 | - |
| Derivates | | | | |
| Share derivates | | | | |
| Forward agreements | | | | |
| Underlying instrument | 4 703 | - | 4 703 | - |
| Current value | 6 069 | - | 6 069 | - |
| Index option contracts | | | | |
| Purchased | | | | |
| Book value of premiums | 360 | - | 360 | - |
| Current value of premiums | 360 | - | 360 | - |
| Drawn | | | | |
| Book value of premiums | 34 | - | 34 | - |
| Current value of premiums | 25 | - | 25 | - |
| Security loan contracts | | | | |
| Securities loaned | | | | |
| Book value | 675 | - | 675 | - |
| Current value | 6 069 | - | 6 069 | - |
| Other liability | | | | |
| Subscription commitments | 11 410 | 25 559 | 11 410 | 25 559 |

### 17 Insider loans

17.1 Monetary loans to a managing director, board member, supervisory board member, or auditor of the insurance company, a corporation or foundation belonging to the group, a corporation or foundation exercising authority in the insurance company, or a corporation or foundation exercising authority in such a corporation or foundation

Above-mentioned loans have not been granted

17.2 Monetary loans to a party who, on the basis of guarantee share ownership, can have at least 10 per cent of the insurance company's guarantee shares or voting rights conferred by guarantee shares or the same proportion of ownership or voting power in a corporation belonging to the same group as the insurance company

Above-mentioned loans have not been granted

# KEY FIGURES PERTAINING TO SOLVENCY

| 1 000 FIM | Parent company | |
|---|---|---|
| | **1999** | **1998** |
| **Solvency margin** | | |
| Capital and reserves after profit distribution | 117 500 | 113 296 |
| Optional reserves and accumulated depreciation difference | 6 389 | 4 978 |
| Valuation difference between current asset values and book values on the balance sheet | 274 377 | 206 879 |
| Subordinated loans | 30 000 | 30 000 |
| Intangible assets and insurance acquisition costs not entered as expenses (-) | -5 642 | -4 851 |
| Other items | -1 366 | - |
| | **421 258** | **350 302** |
| Solvency margin required under the Insurance Companies Act, Chapter 11, Section 4 | 120 400 | 107 562 |
| Equalization provision included in the technical provisions for years in which there are exceptionally large losses | 37 640 | 38 793 |
| The solvency margin and the equalization provision in proportion to technical provisions, net of reinsurance and reduced by the amount of the equalization provision (%) | | |
| - 1999 | 16.3 | |
| - 1998 | 15.2 | |
| - 1997 | 11.9 | |
| - 1996 | 14.5 | |
| - 1995 | 12.7 | |

# Proposal for the Appropriation of Profit

The Board of Directors proposes that the profit of the accounting period in the amount of FIM 4 203 632.82 be transferred to retained earnings.

If the Board of the Directors' proposal for the appropriation of profits is approved, the company's capital and reserves will be as follows:

| | | |
|---|---|---|
| Restricted capital and reserves | | |
| Share capital | 37 300 000.00 | |
| Legal reserve | 41 180 000.00 | 78 480 000.00 |
| Non-restricted capital and reserves | | |
| Surplus from previous accounting periods | | 39 019 811.58 |
| | | 117 499 811.58 |

Espoo, 3rd April 2000

Asmo Kalpala

Pertti Heikkala

Juhani Heiskanen

Pentti Koskinen

Jari Saine

# AUDITORS' REPORT

**To the owners of Tapiola Corporate Life Insurance Company**

We have examined the bookkeeping, financial statements and administration of the Tapiola Corporate Life Insurance Company for the 1999 financial year. The financial statements prepared by the Board of Directors and the Managing Director include an annual report, consolidated and parent company income statements and balance sheets, and appendices to the financial statements. On the basis of the audit, we hereby issue the following statement on the financial statements and administration.

Mr Mauno Tervo, C.P.A., has performed the supervisory audit of the company and a separate report was issued on 13th April 2000.

The bookkeeping as well as the principles, content and presentation of the financial statements have been examined in accordance with generally accepted auditing principles. In our examination of the administration, we have determined that the members of the Board and the Supervisory Board and the Managing Director have acted in accordance with the law.

The financial statements, which show a surplus for the parent company amounting to FIM 4,203,632.82 have been prepared in accordance with both the Bookkeeping Act and other rules and regulations concerning the preparations of financial statements. The financial statements provide, in the manner prescribed in the Bookkeeping Act, accurate and adequate information on the performance and financial standing of both the group and the parent company.

The financial statements of the parent company together with its consolidated financial statements can be adopted. The members of the Supervisory Board and the Board of Directors and the Managing Director may be discharged from responsibility for the financial year covered by our audit.

The proposal by the Board of Directors on the appropriation of the surplus is in accordance with the law.

Espoo, 27th April, 2000

SVH Pricewaterhouse Coopers Oy
firm of certified public accountants

**Mauno Tervo**
C.P.A.

**Ulla Holmström**
C.P.A.

# REPORT BY THE SUPERVISORY BOARD

Having examined the financial statements, the consolidated financial statements and the auditors' report for 1999 financial year, the Supervisory Board recommends that the financial statements and its consolidated financial statements can be adopted.

Espoo, 4th May 2000

**Kari Neilimo**
chairman

# Tapiola Insurance Group

TAPIOLA

# STAFF WELL-BEING IS THE BASIS FOR SUCCESS

*The Ministry of Labour named the Tapiola Insurance Group as "Employer of the Month" in November 1999. The award was made in recognition of an apprentice-type contract training initiative made by Tapiola. Within the framework of this training programme, fifteen Tapiola employees in the telemarketing department will become commercial college graduates. Assistant Director Leena Nurminen of the personnel unit (right) together with the recipient of the award, Telemarketing Manager Liisa Hämäläinen, and Director Pekka Pessa of personnel services.*

***In these times of robust economic growth and continuously intensifying competition, it is more important than ever that companies should be seen to care for staff welfare in the eyes not only of existing personnel but also of potential job applicants. The competition for customers and the growing importance of information and communication technologies are setting increasingly rigorous demands on the expertise of the company's employees. Indeed, the role of personnel services and the need for effectiveness in personnel functions are becoming more and more important.***

## STRONG EMPHASIS ON STAFF COMPETENCE

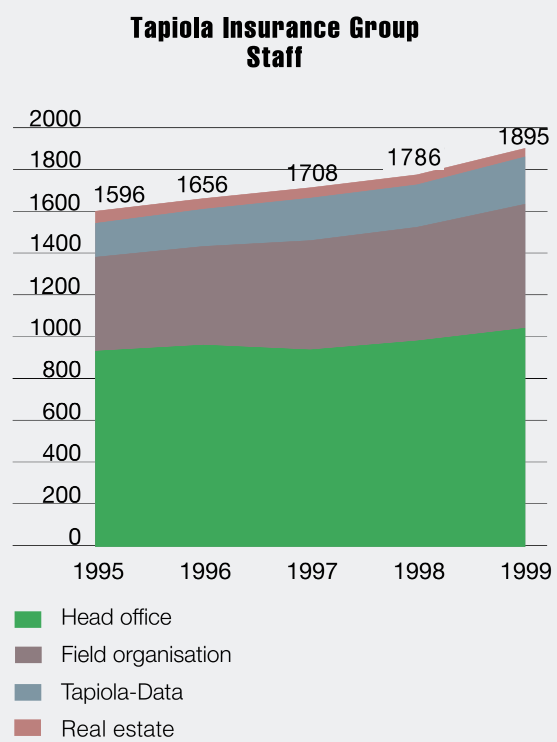
Tapiola has introduced the Tapiola 2001 competence programme, which is a new development model based on the company's values and strategy. Common areas of expertise at group level were defined in the first stage of the programme. The group-level areas of expertise were incorporated into job-specific expertise profiles, which are systematically used in development discussions and plans. The entire managerial staff has been trained to engage in constructive development discussions. At the same time a start has been made on the development and implementation of a training programme designed to strengthen the leadership skills of managers. The programme will not only improve personal management skills but also promote a learning management culture, which is regarded as being important in Tapiola.

Tapiola focused intently on the development of IT competence and customer service skills during the past year. For example, a new customer service procedure allows the customer to be given full service at any location with the aid of a laptop computer. This new working method sets new kinds of expertise challenges for customer service staff, and new training programmes were planned to help the staff meet these challenges. Tapiola's employees have also been encouraged and supported to take part in voluntary education. Qualifications tailored specifically to the needs of the staff have been developed in collaboration with the Finnish Institute of Marketing to improve professional skills and raise the basic level of education. The insurance industry's own qualifications have also be utilised.

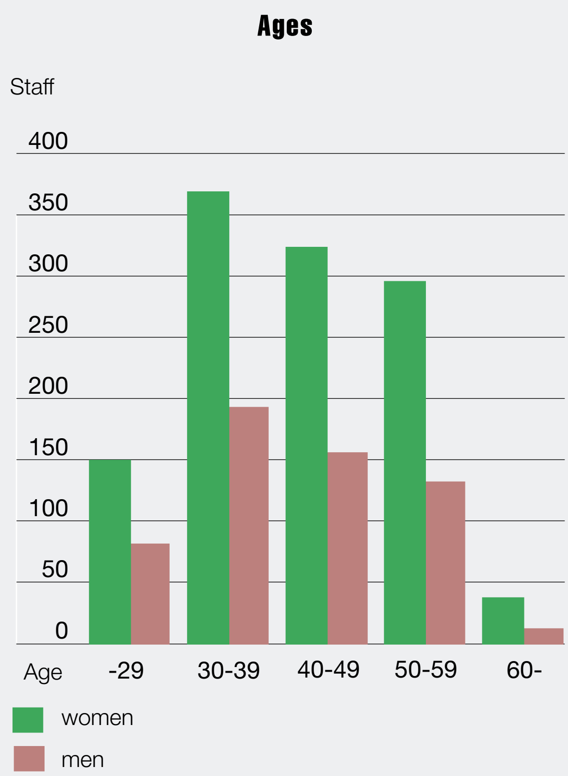
Apprentice-type contract training organised in collaboration with Helsinki Commercial Business School and Helsinki Apprenticeship Centre is an example of Tapiola's good co-operation with educational institutes. Within the framework of this training programme, fifteen new Tapiola employees will become commercial college graduates in addition to their telemarketing work. In November 1999 the Ministry of Labour named the Tapiola Insurance Group as "Employer of the Month" in recognition of this programme.

## STAFF WELL-BEING IS A MANAGEMENT RESPONSIBILITY

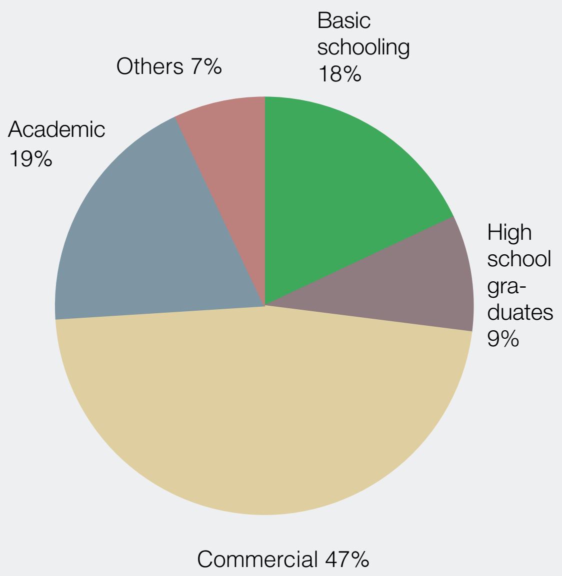
The promotion of staff well-being and fitness for work is an essential part of Tapiola's management



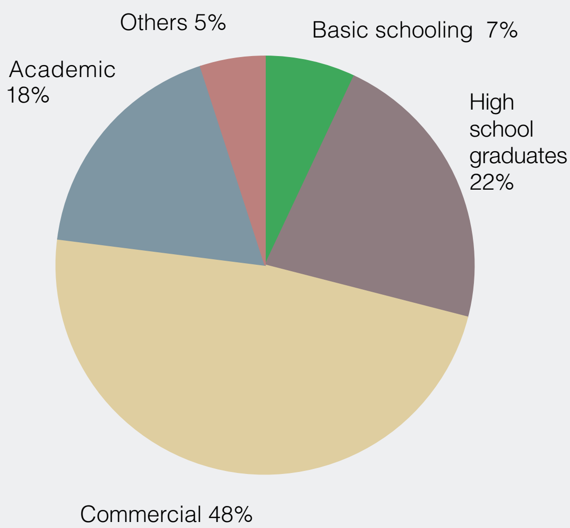

*The staff strength has been cut by reducing the combined numer of permanent and fixed-term personnel on long-term leave at the end of the year.*
*The staff average was 1 840 persons in 1999.*



**Education**




**Education of those employed in 1999**




system and annual plan, and it affects every single Tapiola employee. Tapiola's own welfare at work programme aims to promote fitness for work, reduce sickness and prevent premature retirement.

The concept of Tapiola's welfare at work programme was refined and translated into practical measures in 1999. Welfare at work was divided into four sub-areas:

- physical, psychological and social fitness for work
- expertise
- work and working conditions
- organisational dynamics (e.g. leadership, co-operation, interaction)

The welfare at work programme has five goals. Tapiola's employees should:

- feel motivated to do their work,
- be supported by their superiors and colleagues,
- feel that their work is important and significant, and
- be able to cope well with the demands of their jobs.

The fifth goal is that the costs of early disability pensions should be kept below the average for Finnish companies.

In the autumn each area, unit, department or team prepares its welfare at work plan as a part of the personnel plan. The achievement of set goals is measured regularly, for example, by means of a "state-of-the-team" survey. The survey contains its own question about welfare at work. The aim is that at least 80 per cent of Tapiola's employees should rate their welfare at work with a score of at least 8 on a scale of 0 – 10. Each year the managers of the units together with personnel experts examine the results, exchange experiences and plan follow-up actions. The welfare at work programme is co-ordinated by a steering group.

Special welfare at work programmes are also arranged for individual groups. The aim of these programmes is to motivate and encourage long-serving Tapiola employees to develop themselves and to help them maintain their fitness for work to the end of their working careers. The special programme for sales staff that began in 1998 ended in spring 1999, and a new project was initiated for customer advisors. The results have been excellent and the improvement in work productivity has even exceeded expectations. Positive experiences and the good progress made towards set goals have given employees new energy in their work.

### PERFORMANCE-RELATED PAY MOTIVATES

All of Tapiola's employees fall within the scope of the performance-related pay scheme, which has become as established part of the Group's management system. The scheme plays its own part in encouraging the staff in their efforts to achieve good results. The purpose of performance-related pay is to reward achievement and to promote interest in personal development.

The maximum performance-related pay award is 4.5 per cent of annual salary. Better integration of performance-related pay into Tapiola's business as part of a balanced scorecard is a new area of emphasis.

The Tapiola Insurance Group's staff fund and profit-sharing scheme were set up ten years ago. They reward the staff for their long-term commitment to Tapiola and for the attainment of its performance goals. Over the past eight years profit-sharing funds totalling about FIM 41 million have been transferred to the staff fund. In addition, about FIM 10 million has been set aside in the closing of the 1999 accounts for future profit-sharing payments. The average member's share of the staff fund over the past eight years has grown to almost FIM 25,000 plus the yield on its investment. According to the rules of the staff fund, 15 per cent of an employee's own share can be withdrawn after five years of fund membership.

The maximum amount of the annual staff fund transfer is 3 per cent of the payroll total. The considerable profit-sharing payments made possible by good results in past years have, together with other staff benefits, played their part in strengthening the staff's commitment to the Tapiola Insurance Group.

### EVERYONE HAS THE CHANCE TO SUCCEED

The Tapiola Insurance Group's equality plan was revised and approved by the companies' management boards in autumn 1999. The development of equality in practice is monitored by an equality group that reports annually to both management and to the Co-operation Committee.

Equality is interpreted within the Tapiola in the broadest meaning of the word. It is not limited to gender equality, but embraces the idea that, regardless of gender, age or other characteristic, every employee should have the opportunity to progress in his or her career, to be rewarded for good performance, to receive training, and so on. As a concrete example of this, the boards of directors appointed five new female directors, each one of them an expert in her field.

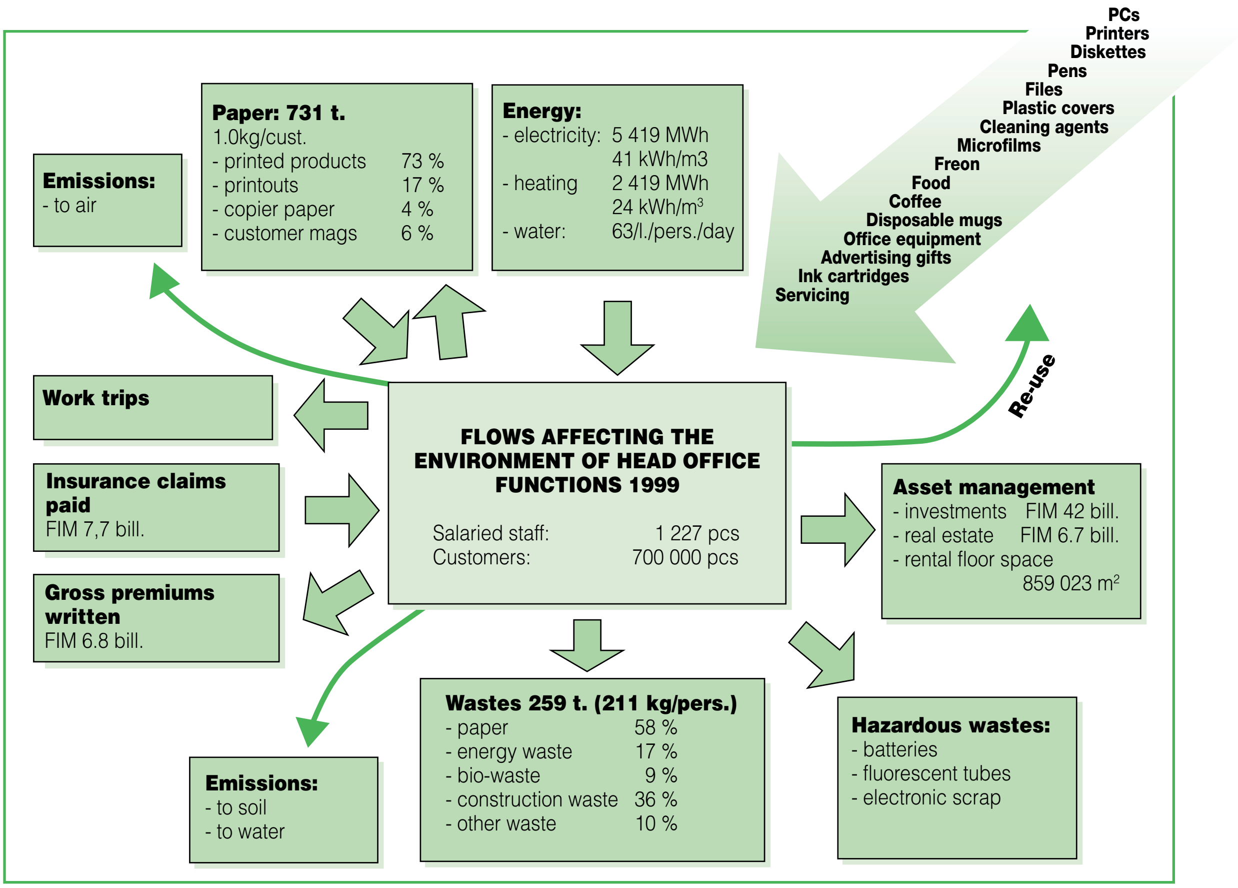
### SYSTEMATIC RESTRUCTURING OF KEY PERSONNEL FUNCTIONS

The effectiveness of the Group's personnel services was essentially improved by systematic restructuring of the key personnel functions. New operating systems were created for recruitment, induction training and the promotion of welfare at work. Process descriptions and procedures were documented primarily to support managers. The above-mentioned equality plan is also invigorating personnel services and will play its part in ensuring that Tapiola remains competitive also in the future.

### THE GROWTH IN BUSINESS VOLUME INCREASED THE NUMBER OF EMPLOYEES

The significant growth achieved in a number of business areas led to an increase in the number of employees in 1999. The average number of people employed in the Tapiola Insurance Group during the review year was 1,573, which was 86 more than in the previous year. Including those employed by Tapiola Data and the real estate companies, the average was 1,840, which was 93 more the 1998. The gross turnover of personnel in 1999 was 5.3% and internal mobility was 6.9%.

# Tapiola's environmental report 1999




*Environmental impact figures for the Tapiola Insurance Group's internal functions have been determined so that the level of activity and the achievement of goals can be measured and monitored in the future. The most important environmental impact figures for 1999 are presented in the figure.*

The Tapiola Insurance Group's environmental activity is based on the environmental policy, objectives and goals that were revised in 1999 and approved by the companies' management boards. In 1999 environmental measures and projects were implemented in accordance with the Environmental Programme 1999-2001. The environmental group was reorganised and its project work was put on a continuous and regular basis. Significant development in 1999 included the introduction into service of a waste management system, the signing of an energy saving agreement, and the decision in principle of Tapiola General's board of directors on Nordic environmental insurance co-operation concerning the introduction of producer's liability insurance to the Finnish market.

## RESULTS OF INTERNAL ENVIRONMENTAL WORK

The consumption of electricity at head office rose by 2.6 per cent in 1999, due mainly to the additional use of air conditioning in the warmer than usual summer and because of the increased number of staff. A 0.9 per cent saving was achieved in the consumption of heating energy. Water consumption rose by a quarter as the watering of outside areas was increased owing to the abnormally dry summer. Environmental issues were taken into consideration especially in the refurbishment of the Kamppi regional office, where, for example, significant future savings will be achieved as a result of the renewal of the lighting system.

The new waste management system for head office and nearby properties was brought fully into service at the beginning of 1999, making Tapiola one of the pioneers in environmentally friendly office buildings in Finland. It is intended that the new system will allow the recycling or other utilisation of at least 80 per cent of wastes, and that the amount of waste will be reduced by 10 per cent over the next three years. In addition, the new system will make it possible to accurately measure the amount of several waste components. The development project was carried out in collaboration with a cleaning firm and a waste management company, both of which operate in accordance with environmental principles approved by Tapiola. In 1999 no less than 90 per cent of wastes were utilised, which clearly exceeded the set target. The amount of waste cannot be compared with the previous year because it was not until this year that the waste components were precisely defined. The amount of waste produced per employee is at the average European level. The total use of paper declined by 1.9 per cent. The reduction was mainly due to the elimination of printing paper grades.

In the future, environmental considerations will also be taken into account in investment and asset management. For this purpose environmental criteria for investment analyses and environmentally friendly operating models for different types of owned properties will be developed whenever possible. The Tapiola Insurance Group has signed an energy saving agreement with the Finnish Association of Building Owners and Construction Clients (RAKLI). The aim of the agreement is that the specific heating energy consumption of the member companies' building stock should be reduced from the 1998 level by 10 per cent by the year 2005 and by 15 per cent by the year 2010. The target with regard to non-heating electricity consumption is to halt and reverse the growing trend in specific consumption before the year 2005. Energy saving helps to reduce carbon dioxide emissions and to promote the achievement of the targets set in the Kyoto Protocol and other sustainable development goals. The Scandic Hotel building, which is under construction in the Kamppi district of Helsinki and is owned by the Tapiola Insurance Group, is a pilot site in the national ProGress environmental programme of the construction and real estate industry.

Environmental principles have been incorporated into Tapiola's purchasing policy, which was revised and approved in 1999. Work on the environmental programmes of the regional offices also commenced in 1999. All the staff at Tapiola's head office have received guidance in matters such as waste sorting and energy saving.

## RESULTS OF EXTERNAL ENVIRONMENTAL ACTIVITIES

The Tapiola Insurance Group offers its customers environmental services and products such as environmental insurances, loss prevention services, damage assessments and related training and advice. In addition to continuous environmental safety work for customers, Tapiola was involved in the following projects and environmental events for stakeholder groups in 1999:

- The creation of environmental risk tools for SMEs in the national PK-RH project
- The launch of statutory environmental damage insurance at the beginning of 1999
- Training concerning the environmental risks of oil storage tanks funded by Tapiola in connection with a national event organised by the Oil and Gas Heating Association. Tapiola also provided the material and instructor for the training event.
- Environmental safety and insurance training arranged for corporate clients, and training given in colleges and at events of other stakeholder groups.

In October 1999 Tapiola General's board of directors made a decision in principle that the company should become a shareholder of Länsförsäkringar Miljö Ab, a Nordic environmental insurance company offering and developing producer's liability insurance. Initially, the new insurance product will be offered mainly to manufacturers and importers of cars and electrical and electronic equipment, and its purpose is to help companies carry their future liability in respect of the scrapping and appropriate recycling of products.

# DISTRIBUTION OF INCOME

| | 1999 | | 1998 | |
|---|---|---|---|---|
| | FIM Mio | % | FIM Mio | % |
| INCOME FROM INSURANCE<br>Premiums paid by policyholders<br>less transfer payments<br>credited to the state | 7 907.4 | 74.6 | 7 000.2 | 74.4 |
| REINSURERS' SHARE<br>OF CLAIMS INCURRED | 80.0 | 0.8 | 35.7 | 0.4 |
| NET INVESTMENT INCOME | 2 614.8 | 24.7 | 2 354.9 | 25.0 |
| OTHER INCOME | –4.9 | 0.0 | 12.9 | 0.1 |
| TOTAL | 10 597.3 | 100.0 | 9 403.7 | 100.0 |
| CLAIMS EXPENDITURE<br>Claims and pensions paid on<br>the basis of insurance contracts and<br>amounts reserved for the payment of future<br>claims and payments | 7 930.5 | 74.8 | 7 032.0 | 74.8 |
| REINSURERS' SHARE<br>OF PREMIUMS | 71.5 | 0.7 | 60.1 | 0.6 |
| STAFF<br>Salaries and commissions paid to the staff plus<br>expenses incurred in respect of social security | 315.4 | 3.0 | 293.7 | 3.1 |
| OTHER COSTS = SUPPLIERS | 459.5 | 4.3 | 394.5 | 4.2 |
| SOCIETY<br>Direct and indirect taxes and transfer payments | 1 451.4 | 13.7 | 1 346.9 | 14.3 |
| TAPIOLA INSURANCE GROUP | 369.0 | 3.5 | 276.5 | 2.9 |
| SHAREHOLDERS | 0.0 | 0.0 | 0.0 | 0.0 |
| DISTRIBUTION | 10 597.3 | 100.0 | 9 403.7 | 100,0 |

The effect of the insurance company's activities from the standpoint of society can be depicted with the aid of the social distribution of income shown above. The distribution shows from which quarters the insurance companies' incomes are derived and how they are distributed among the various interest groups.

# ADVISORY COMMITTEES 1.1.2000

***The members of the various committees are selected from representatives of Tapiola's customers. As Tapiola is a mutual, customer-owned company, they play an important role as an interactive link between the customers and Tapiola's companies.***

The members of the various advisory committees are selected from representatives of Tapiola's customers. As Tapiola is a mutual, customer-owned company, they play an important role as an interactive link between the customers and Tapiola's companies.

There are 19 regional advisory committees wich 12 - 15 members each. The adisory committee for the SME sector has 12 members. Most of its members also sit on other regional advisory committees so that draws its members from all over the country.

The advisory committee for agriculture and forestry has 12 members as well and they are also drawn from other regional advisory commitees all over Finland.

The terms of office is three years for all of the committees. Every effort is made to ensure that the membership of the committees reflects the diversity of Tapiola's customers. The advisory committees are appointed annually at the joint meeting of the boards of directors of the group companies.

There are also two other advisory committees in-Tapiola: one concerned with agency matters and other with pension affairs.

The advisory committees with effect from 1.1.2000 are presented in the following. The year given next to each name refers to the end of the person's term of office.

Abbreviations:
a.c. = advisory committee
r.a.c. = regional advisory committee

### ESPOO REGIONAL COMMITTEE

**Ritva Rastimo,** ordförande, Espoo, 2002
**Ilmari Halinen,** deputy chairman, Espoo, 2001
**Juha Eiro,** Espoo, 2000
**Timo Haapaniemi,** Kirkkonummi, 2000
**Matti Hietala,** Espoo, 2001
**Juha Jouhki,** Espoo, 2001
**Arvo Korte,** Espoo, 2000
**Susanna Rahkonen,** Espoo, 2002
**Timo Tiihonen,** Espoo, 2000
**Tarja Uoti,** Espoo, 2002
**Timo Veijola,** Espoo, 2002
**Klas Winell,** Kirkkonummi, 2001
Contact persons in Tapiola:
**Heikki Puhakainen,** secretary, (09) 4531
**Petri Routa,** (09) 4531

### HELSINKI REGIONAL COMMITTEE

**Risto Salonen,** chairman, Helsinki, 2000
**Kirsti Vaalikivi,** deouty chairman, Helsinki, 2001
**Bo Andersson,** Helsinki, 2002
**Ilkka Holopainen,** Helsinki, 2002
**Kari Huttunen,** Helsinki, 2000
**Pirkko Lahti,** Helsinki, 2000
**Jorma Lehmuskallio,** Helsinki, 2001
**Aira Merjovirta,** Helsinki, 2000
**Mikko Parjanne,** Helsinki, 2001
**Eeva Parkkivaara-Anttinen,** Helsin,2002
**Kerttu Selin,** Helsinki, 2002
**Ilkka Sipilä,** Helsinki, 2000
**Matti Taanila,** Helsinki, 2002
**Kim Tuomolin,** Sipoo, 2001
**Timo Valjakka,** Helsin, 2001
Contact persons in Tapiola:
**Timo Niemi,** secretary (09) 4531
**Petri Routa,** (09) 4531

## VANTAA REGIONAL COMMITTEE

**Veikko Kantero,** chairman, Vantaa, 2000
**Reino Sandström,** deputy chairman, Vantaa, 2001
**Eero Ahola,** Vantaaa, 2000 (a.c. sme sector)
**Sari Ek-Petroff,** Vantaa, 2002
**Inger Eriksson-Blom,** Vantaaa, 2001
**Raimo Järvinen,** Vantaa, 2000
**Jorma Kaartama,** Nurmijärvi, 2002
**Jouni Kuusisto,** Vantaaa, 2002
**Risto Palin,** Hyvinkää, 2001
**Totti Salko,** Kerava, 2002
**Karl-Henrik Sohkanen,** Vantaa, 2000
**Esa Veikkolainen,** Tuusula, 2001
Contact persons inTapiola:
**Juha Seppälä,** secretary (09) 4531
**Petri Routa**, (09) 4531

## SALO-LOHJA REGIONAL COMMITTEE

**Olli Lehti,** chairman, Perniö, 2001
(a.c. sme sector)
**Matti Välimäki,** deåuty chairman, Lohja, 2001
**Björn Ekberg,** Salo, 2000
**Tapio Halme,** Karjaa, 2002
**Lauri Hänninen,** Halikko, 2001
**Minna Koli-Er,** Salo, 2002
**Irma Lehtonen,** Pertteli, 2000
**Martti Palojärvi,** Vihti, 2002 (a.c.agriculture and forestry)
**Max van der Pals,** Lohja lk., 2001
**Mauri Salo,** Somero, 2000
**Pentti Sevón**, Lohja, 2002
**Keijo Väisänen,** Lohja, 2000
Contact persons in Tapiola:
**Hannu Määttänen,** secretary (02) 733 3320
**Hans Strandberg,** (02) 416 1230

## SATAKUNTA REGIONAL COMMITTEE

**Matti Ojanperä,** chairman, Pori, 2000
**Reijo Järvi,** deputy chairman, Huittinen, 2001
**Timo Junnila,** Pori, 2002
**Esko Laukkanen,** Rauma, 2002
**Eero Laurila, Pori,** 2002
**Riitta Myllys,** Pori, 2001
**Riitta-Liisa Olkkonen,** Kankaanpää, 2002
**Timo Rapila,** Honkajoki, 2000
**Sakari Ryyppö,** Kuhmoinen, 2000
**Arto Suni,** Pori, 2001
**Veli-Matti Syrilä**, Köyliö, 2001
(a.c.agriculture and forestry)
**Markku Tuominen,** Eurajoki, 2000
Contact persons in Tapiola:
**Kari Luoma,** secretary (02) 416 1239
**Hans Strandberg,** (02) 416 1230

## SOUTHWEST FINLAND REGIONAL COMMITTEE

**Esko Eela,** chairman, Turku, 2001
**Vesa Mattila,** deputy chairman, Turku, 2001
**Risto Ahonen,** Uusikaupunki, 2000
**Alf Donner,** Parainen, 2000
**Birgitta Jaakkola,** Parainen, 2002
**Seppo Koskinen,** Kaarina, 2002
**Per-Erik Lindström,** Turku, 2001
**Ulla-Maija Moisio,** Turku, 2002
**Jarmo Mäntyharju,** Oripää, 2000
**Juhani Ropponen,** Turku, 2002
**Samuli Ryökäs,** Pöytyä, 2001
**Hannu Rämö,** Nousiainen, 2000
**Stefan Schleutker,** Turku, 2000
**Merja Siltanen,** Turku, 2002
**Harri Virtanen**, Raisio, 2001
Contact persons in Tapiola:
**Timo Jussila,** secretary (02) 416 1233
**Hans Strandberg**, (02) 416 1230

## TAVASTIA REGIONAL COMMITTEE

**Kyösti Lassila,** chairman, Hämeenlinna, 2002
**Juhani Törmä,** deputy chairman, Janakkala, 2001
**Ossi Halonen**, Hämeenlinna, 2001
**Kai Häppölä,** Urjala, 2000

**Rauno Iivonen,** Hämeenlinna, 2001
**Jukka Jokinen,** Hämeenlinna, 2000
**Juha Kallioinen,** Hämeenlinna, 2002
**Risto Koivisto,** Hämeenlinna, 2001
**Jari Koskinen,** Hauho, 2002
**Maarit Kuusela,** Hämeenlinna, 2001
**Ilkka Metsäterä,** Riihimäki, 2002
**Pekka Pastila,** Hämeenlinna, 2002
**Seppo Salonen,** Hämeenlinna, 2000
**Jari Stenberg,** Jokioinen, 2000
**Reetta-Maria Tolonen-Salo,** Hämeenlinna, 2000
Contact persons in Tapiola:
**Heikki Lindroth,** secretary (03) 467 6217
**Martti Silvennoinen,** (03) 382 5251

### CENTRAL FINLAND REGIONAL COMMITTEE

**Rauno Meriö,** chairman, Jyväskylä, 2000
**Aino Sallinen,** deputy chairman, Jyväskylä, 2001
**Tapio Halonen,** Saarijärvi, 2001
**Erkki Järvelä,** Laukaa, 2001
**Marja Kallio,** Laukaa, 2002
**Pentti Kokkinen,** Jyväskylä, 2000
**Arja Koriseva-Karmala,** Toivakka, 2001
**Simo Kutinlahti,** Keuruu, 2002
**Asko Liimatainen,** Viitasaari, 2002
**Raija Miettinen,** Jyväskylä, 2001
**Erkki Paananen,** Viitasaari, 2000
**Risto Palokangas,** Jyväskylä, 2002
**Esa Salokorpi,** Jyväskylä, 2000
**Juhani Tahvonen,** Jyväskylä, 2002
**Esko Taivalsaari,** Jyväskylä, 2000
Contact persons in Tapiola:
**Seppo J. Ojala,** secretary (014) 414 6101
**Martti Silvennoinen,** (03) 382 5251

### PIRKANMAA REGIONAL COMMITTEE

**Pekka Molin,** chairman, Tampere, 2002
**Pertti Timonen,** deputy chairman, Tampere 2001
**Matti Hokkanen,** Tampere, 2000
**Esko Kuusela,** Tampere, 2000
**Jorma Lehtonen,** Tampere, 2002
**Pertti Leppänen,** Inkaalinen, 2000
**Pentti Molander,** Helsinki, 2001
**Reijo Mäkinen,** Tampere, 2002
**Jussi Niemi,** Tampere, 2002
**Heikki A. Ollila,** Kangasala, 2001 (a.c. agriculture and dorestry)
**Hannu Partala,** Tampere, 2000 (a.c. sme sector)
**Antti Pohjanheimo,** Tampere, 2001
**Eila Rönni,** Pälkäne, 2000
**Leena Sulonen,** Tampere, 2001
**Aila Tamminen,** Tampere, 2002
Contact persons in Tapiola:
**Teemu Toivanen,** secretary (03) 382 5240
**Martti Silvennoinen,** (03) 382 5251

### OSTROBOTNIA REGIONAL COMMITTEE

**Yrjö Välimäki,** chairman, Alavus, 2001 (a.c. sme sector)
**Heikki Saari**, deputy chairman, Ylistaro, 2002
**Antti Ala-Talkkari,** Lapua, 2002
**Aaro Koljonen,** Teuva, 2001
**Marja A. Lehtimaa,** Nurmo, 2001
**Kalle Lähdesmäki,** Seinäjoki, 2001
**Esko Mäkelä,** Alajärvi, 2000
**Juhani Palomäki,** Seinäjoki, 2000
**Asko Peltola,** Lapoua, 2000
**Riitta Ronkainen,** Jalasjärvi, 2002
**Kaija Uola,** Seinäjoki, 2000
**Kari Valkosalo,** Kortesjärvi, 2002
Contact persons in Tapiola:
**Antti Valkonen,** secretary (06) 283 5440
**Lassi Annala,** (06) 283 5438

### VAASA-KOKKOLA REGIONAL COMMITTEE

**Eino Laukka,** chairman, Kokkola, 2002
**Raimo Rauhala,** deputy chairman, Vaasa, 2000
**Marjatta Elomaa,** Laihia, 2000
**Martti Eurola,** Kokkola, 2001
**Juhani Filppula,** Veteli, 2002

**Matti Inkinen,** Vaasa, 2001
**Jouni Jyrinki,** Kokkola, 2002 (a.c. agriculture and corestry)
**Maija-Liisa Ketonen,** Kristiinankaupunki, 2000
**Ilpo Nissi,** Kannus, 2001
**Per-Håkan Näsman,** Vaasa, 2002
**Helga Sarviranta-Vuotila,** Kokkola, 2001
**Altti Seikkula,** Kokkola, 2000
Contact persons in Tapiola:
**Jukka Marttila,** secretarye, (06) 282 5365
**Lassi Annala,** (06) 283 5438

## KYMI REGIONAL COMMITTEE

**Esa Hasu,** chairman, Elimäki, 2000
**Lasse Koskelainen,** deputy chairman, Lappeenranta, 2002
**Maili Hanski,** Imatra, 2000
**Risto Heikkilä,** Anjalankoski, 2001
**Tuomo Hintsanen,** Lappeenranta, 2001
**Reino Huotilainen,** Parikkala, 2002
**Tapio Hämäläinen,** Kotka, 2000
**Mikko Jolula,** Kuusankoski, 2001
**Matti J. Kuronen,** Lappeenranta, 2002
**Eero Mattila,** Anjalankoski 2002
**Pekka Multanen,** Lappeenranta, 2000
**Arja Palmu,** Kotka, 2001
**Aulis Ripatti,** Lappeenranta, 2002
**Olli Sinisalo,** Pyhtää, 2000
**Eeva Vauhkonen,** Kouvola, 2001
Contact persons in Tapiola:
**Martti Mäkelä,** secretary (05) 620 6316
**Miika Minkkinen,** (03) 468 6046

## LAHTI-PORVOO REGIONAL COMMITTEE

**Kimmo Kajaste,** chairman, Porvoo, 2002
**Seppo Jokipelto,** deputy chairman, Hollola, 2000
**Reijo Alanko,** Mäntsälä, 2000
**Kirsi Govenius,** Hartola, 2001
**Kari Hyytiä,** Lahti, 2002
**Reivo Järvenpää,** Hollola, 2002
**Pekka Kangasmäki,** Porvoo, 2002
**Riitta Karppinen,** Heinola, 2000 (a.c. sme sector)
**Matti Kataja,** Lahtis 2000
**Mikko Kommeri,** Hollola, 2001
**Markku Mäkeläinen,** Lahti, 2001
**Sirkku Paljakka-Parkkila,** Lahti, 2002
**Katja Saarinen,** Lahti, 2001
**Juha Sundberg,** Lahts, 2001
**Risto Tuomala,** Porvoo, 2000
Contact persons in Tapiola:
**Petri Torvinen,** secretary (03) 468 6045
**Miikan Minkkinen,** (03) 468 6046

## CARELIA REGIONAL COMMITTEE

**Eino Tenhunen,** chairman, Joensuu, 2000
**Kirsti Reijonen,** deputy chairman, Joensuu, 2000
**Mauri Haapalainen,** Joensuu, 2001
**Pentti Holopainen,** Kitee, 2001
**Tuomo Hurskainen,** Joensuu, 2000
**Timo Kettunen,** Ilomantsi, 2000 (a.c. sme sector)
**Pirkko Kylänpää,** Joensuu, 2001
**Jorma K. Lehtonen,** Joensuu, 2002
**Erkki Miettinen**, Juuka, 2002
**Otto Mikkonen,** Joensuu, 2002
**Pekka Nevalainen,** Outokumpu, 2001
**Anja Nuutinen,** Lieksa, 2000
**Vilho Pasanen,** Joensuu, 2002
**Seppo Piirainen,** Joensuu, 2002
**Jorma Turunen,** Kesälahti, 2001
Contact persons in Tapiola:
**Petri Pakarinen,** secretary (013) 256 6400
**Päivi Ruokolainen,** (017) 569 5610

## NORTHERN SAVO REGIONAL COMMITTEE

**Esko Luoma,** chairman, Kuopio, 2001
**Elina Pallonen,** deputy chairman, Iisalmi, 2002
**Jussi Huttunen**, Leppävirta, 2001
**Lauri Laitinen,** Siilinjärvi, 2002
**Asko Lappalainen,** Kuopio, 2000

**Ossi V. Lindqvist,** Kuopio, 2001
**Aulis Miskala,** Kuopio, 2002
**Timo Männikkö,** Varkaus, 2000
**Matti Niiranen,** Kuopio, 2001
**Viljo Pakarinen,** Kuopio, 2000
**Matti Pulkkinen,** Kuopio, 2000
**Inka Puumalainen,** Kuopio, 2001
**Kosti Repo,** Iisalmi, 2002
**Jyrki Sahala,** Varkaus, 2000
**Erkki Virtanen,** Kuopio, 2002
Contact persons in Tapiola:
**Esa Seppälä,** secretary (017) 569 5617
**Päivi Ruokolainen**, (017) 569 5610

### SAVO REGIONAL COMMITTEE

**Juhani Alanen,** chairman, Mikkelilk., 2002
**Jorma Tapanainen**, deputy chairman, Mikkeli, 2001
**Marcus von Bonsdorff,** Pieksämäki, 2001
**Markku Jalonen**, Juva, 2001
**Jukka Jokela,** Savonlinnat, 2000
**Tuula Jäppinen,** Savonlinna, 2001
**Markku Kakriainen,** Mikkeli, 2002
**Pekka Kovanen,** Pieksämäki, 2000
**Erkki Luukkonen**, Puumala, 2002
(a.c. agriculture and forestry)
**Kalle Nieminen,** Mikkeli, 2002
**Vuokko Rehn,** Mikkeli, 2001
**Raimo Rekikoski,** Mikkeli, 2000
**Hannu Savisalo,** Mikkeli, 2002
**Kari Tillanen,** Mikkeli, 2000
**Timo Tuominen,** Mikkeli, 2000
Contact persons in Tapiola:
**Juha Liukkonen,** secreterare, (015) 670 5837
**Päivi Ruokolainen,** (017) 569 5610

### KAINUU REGIONAL COMMITTEE

**Timo Leppänen,** chairman, Kajaani, 2002
**Maija-Liisa Laitinen,** deputy chairman Kajaani, 2002
**Riikka Alanen,** Kajaani, 2000
**Matti Autio,** Kajaani, 2001
**Esko Hakala,** Kajaani, 2001
**Mauri Hyyryläinen,** bankdirektör, Kajana, 2002
**Tauno Hälinen,** Kajaani, 2000
**Timo Korhonen,** Kajaani, 2002 (a.c. agriculture and forestry)
**Sauli Meriläinen,** Sotkamo, 2001
**Olli Pyykkönen,** Suomussalmi, 2000
**Hilkka Tähtinen,** Kajaani, 2001
**Erkki Vähämaa**, Sotkamo, 2000
Contact persons in Tapiola:
**Eerik Mäkäräinen,** secretary (08) 653 6871
**Antti Iinatti,** (08) 886 5554

### LAPLAND REGIONAL COMMITTEE

**Birgitta Kuusela**, chairman, Rovaniemi, 2000 (a.c. sme sector)
**Jarmo Pietilä,** deputy chairman, Rovaniemi, 2002
**Arto Appelgren,** Inari, 2001
**Jouni Ekonoja,** Rovaniemi lk., 2000
**Anneli Erholz,** Tornio 2001
**Mauri Gardin,** Rovaniemi lk., 2000
**Riitta Jokelainen,** Rovaniemi lk., 2001
**Matti Kettunen,** Kemi, 2000
**Juha Mustonen,** Rovaniemi lk., 2002
**Juhani Möllări,** Rovaniemi, 2001
**Unto Salmela,** Tornio, 2002
**Jukka Toivanen,** Keminmaa, 2002
Contact persons in Tapiola:
**Kari Salmela,** secretary (016) 340 6954
**Antti Iinatti,** (08) 886 5554

## OULU REGIONAL COMMITTEE

**Juha Laikari,** chairman, Oulainen, 2002
**Anja Miilukangas,** deputy chairman, Raahe, 2002
**Reijo Flink,** Oulu, 2000
**Kyllikki Hekkala,** Oulu, 2000
**Torsti Kalliokoski,** Kalajoki, 2002
**Raimo Kuismin,** Oulu, 2001
**Suvi Lindén,** Oulu, 2001
**Tor-Erik Melin,** Oulu, 2000
**Riikka Moilanen,** Oulu, 2000
**Matti Myllylä,** Haukipudas, 2001
**Paavo Nikula,** Kalajoki, 2000
**Tauno Riekki,** Kuusamo, 2002
**Jukka Ruopsa**, Oulu, 2001
**Pertti Sankilampi,** Kempele, 2002
**Matias Timlin,** Ylivieska, 2001
Contact persons in Tapiola:
**Harri Kynnös,** secretary (08) 886 5543
**Antti Iinatti,** (08) 886 5554

## ADVISORY COMMITTEE FOR AGRICULTURE AND FORESTRY

**Pekka Rinne,** chairman, Halikko, 2001
**Terttu Mielikäinen,** deputy chairman, Suomusjärvi, 2002
**Jouni Jyrinki,** Kokkola, 2000 (r.a.c. Vasa-Karleby)
**Timo Korhonen,** Kajaan, 2002 (r.a.c. Kainuu)
**Pirjo Kortesniemi,** Seinäjoki, 2000
**Erkki Luukkonen,** Puumala, 2001 (r.a.c. Stor-Savolax)
**Heikki A. Ollila,** Kangasala, 2001 (r.a.c. Birkaland)
**Martti Palojärvi,** Vihti, 2001 (r.a.c. Salo-Lohjo)
**Reino Parkko,** Elimäki, 2000
**Pentti Rahola,** Vantaa, 2000
**Hannu Saloniemi,** Helsinki, 2002
**Veli-Matti Syrilä,** Köyliö, 2002 (r.a.c. Satakunta)
Contact persons in Tapiola:
**Jukka Saastamoinen,** secretary (09) 4531
**Markku Kosola,** (09) 4531

## ADVISORY COMMITTEE FOR THE SME SECTOR

**Hannu Partala,** chairman, Tampere, 2002 (r.a.c. Pirkanmaa)
**Hannu Pokela**, deputy chairman, Helsinki, 2000
**Eero Ahola,** Vantaa, 2001 (r.a.c. Vantaa)
**Sakari Alhopuro,** Turku, 2002
**Ulf Björklund,** Kauniainen, 2000
**Riitta Karppinen,** Heinola, 2000 (r.a.c. Lahti-Porvoo)
**Timo Kettunen,** Ilomantsi, 2002
**Birgitta Kuusela,** Rovaniemi, 2001 (r.a.c. Lapland)
**Markku Lahdenpää,** Mikkeli, 2001
**Olli Lehti,** Perniö, 2000 (r.a.c. Salo-Lohja)
**Ari Mäkinen,** Tampere, 2002
**Yrjö Välimäki,** Alavus, 2001 (r.a.c.Ostrobotnia)
Contact persons in Tapiola:
**Marja-Leena Kajander,** secretary (09) 4531
**Markku Kosola,** (09) 4531

## ADVISORY COMMITTEE ON PENSION AFFAIRS

**Alpo Mustonen,** chairman, Tapiola Pension
**Veli-Pekka Anttila,** Finnish Food Workers' Associations
**Kari Kaukinen,** Confederation of Finnish Industrial Employers
**Markku Kojo,** Akavara ry
**Kauko Rautiainen,** Employers' Federation of Service Industries
**Riitta Työläjärvi,** Confederation of Salaried Employees
**Kurt Lagerbohm,** Tapiola Pension
**Pertti Tukia,** Tapiola Pension

## ADVISORY COMMITEE FOR AGENCY MATTERS

Members

**Mika Korkatti,** Oulainen, 2000
**Erkki Kortelainen,** Hollola, 2001
**Mikko Leinonen,** Kajana, 2000
**Jouni Leppälä,** Karleby, 2000
**Timo Lindsberg,** Rautalampi, 2000
**Timo Nissi,** Kuusamo, 2001
**Lasse Ristimäki,** Jämijärvi, 2000
**Jukka Saksi,** Helsinki, 2001
**Heikki Sarkkola,** Hauho, 2001
**Tuomi Vormisto,** Joutseno, 2001

Deputy members

**Reijo Haapala,** Nivala, 2001
**Pekka Hopsu**, Jämsä, 2001
**Lassi Mattila,** Hollola, 2001
**Esko Mänty,** Muurla, 2000
**Marko Määttä,** Vantaa, 2001
**Kaisu Turunen,** Joensuu, 2000

# Organization of the Tapiola Insurance Group

**CHAIRMAN OF THE BOARD, PRESIDENT**
**Asmo Kalpala**

### TAPIOLA GENERAL

**Pertti Heikkala**, managing director
**Per-Olof Bergström**, deputy managing director
**Antti Calonius**, director, reinsurance
**Olli-Pekka Laine**, director, IT management
**Eila Burman**, assistant director, Euro project
**Heikki Huttunen**, unit director, motor insurance services
**Silja Hyvärinen**, assistant director, motor insurance services
**Pentti Ketonen**, chief physisian
**Timo Parkkisenniemi**, assistant director, statutory accident insurance services
**Kalervo Rinne**, assistant director, IT management
**Heikki Taipalvesi**, unit director, corporate services
**Linda Unhola**, unit director, consumer and agriculture services

### TAPIOLA PENSION

**Tom Liljeström**, managing director
**Timo Helske**, chief physisian
**Hanna Hiidenpalo**, assistant director, bonds and securities
**Kurt Lagenbohm**, unit director, statutory pension insurance
**Hannu Parviainen**, actuary, assistant director
**Asko Sasi**, unit director, financing
**Markus Savolainen**, assistant director, pension insurance services

### TAPIOLA LIFE AND TAPIOLA CORPORATE LITE

**Jari Saine**, managing director
**Matti Luukko**, deputy managing director
**Juha-Pekka Halmeenmäki**, actuary, assistant director, Tapiola Life
**Erkki Kautto**, actuary, Tapiola Corporate Life
**Pekka Leinonen**, chief physisian
**Seppo Rinta**, assistant director, expert services
**Tuija Salin**, assistant director, production services

### GROUP SERVICES

**Juhani Heiskanen**, deputy managing director (Tapiola General, Tapiola Life, Tapiola Corporate Life), sales, marketing and regional services
**Markku Haapalainen**, director, regional administration
**Markku Kosola**, director, information services and PR
**Kaisu Holopainen**, marketing director
**Arto Kämppi**, unit director, direct services
**Tapani Lehmussaari**, assistant director, customer service systems

**Antti Calonius**, director, major clients, international operations and brokers
**Hannu Vilppo**, unit director, major clients
**Jari Eklund**, director, investment services (Tapiola General , Tapiola Life, Tapiola Corporate Life)
**Jyrki Mäkelä**, director, bonds and securities (Tapiola General, Tapiola Life, Tapiola Corporate Life)

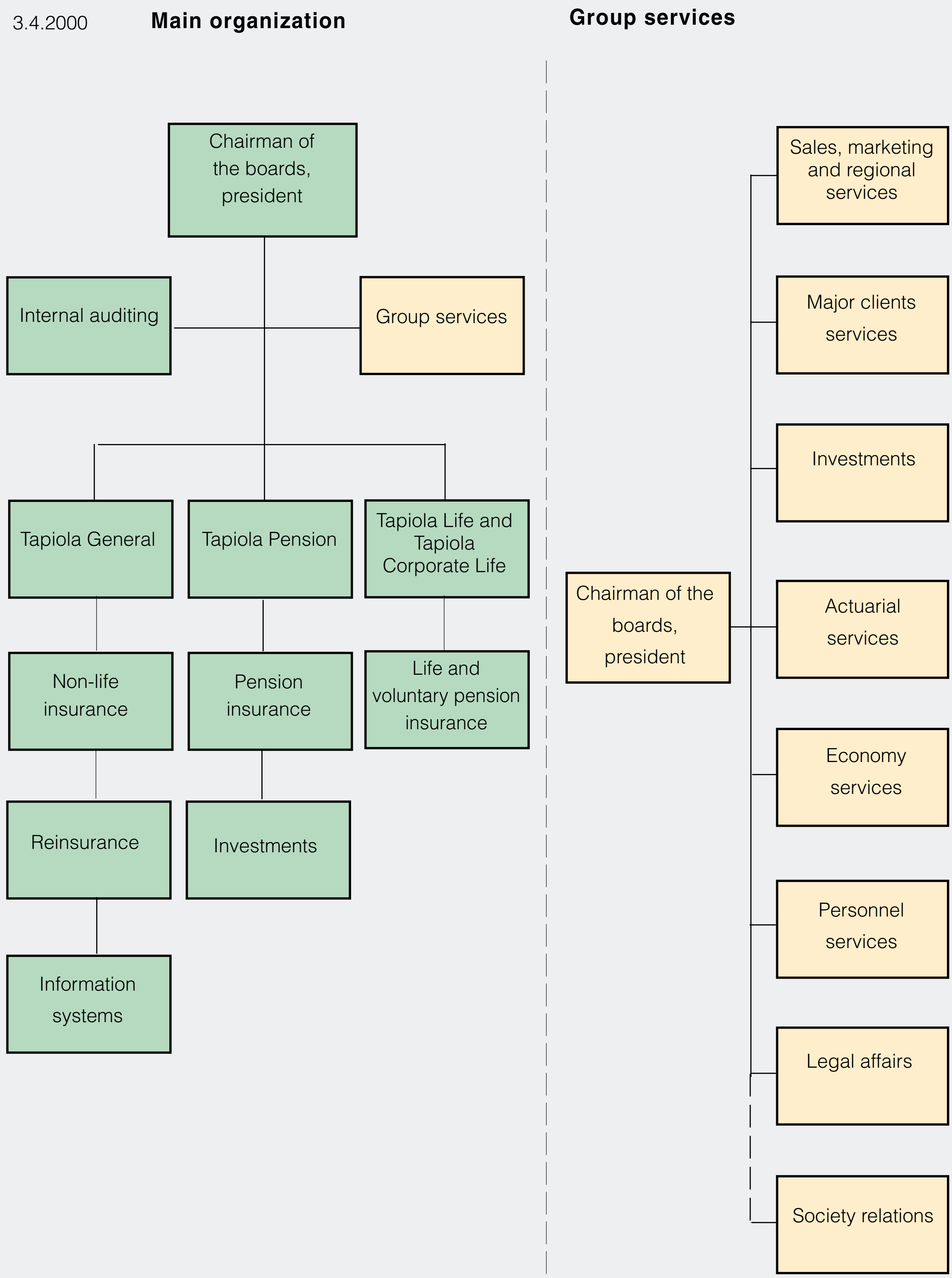
**Asko Salminen**, unit director, real estate (Tapiola Life, Tapiola Corporate Life, Tapiola General)

**Pentti Koskinen**, director, actuarial services

**Markku Paakkanen**, director, economy services
**Tapio Hirvonen**, assistant director, controller
**Sirpa Pönkkä**, assistant director, bookkeeping

**Pekka Pessa**, director, personnel services

# ORGANIZATION OF TAPIOLA INSURANCE GROUP




The services needed by the group are provided by the services units headed by the president.

**Matti Kaasalainen**, assistant director, upskillning programmes/field
**Leena Nurminen**, assistant director, human resources

**Jaakko Gummerus**, director, legal affairs
**Anu Pylkkänen**, assistant director, international legal affairs and projects

## TAPIOLA DATA

**Juha Seppänen**, managing director
**Pekka Riikonen**, quality director
**Satu Rinta-Jaskari**, branch director, Tampere
**Juha Suutala**, production director

## CHIEF SHOP STEWARDS

**Anne Jurmu**, office employees
**Heikki Kanniainen**, sales force
**Eero Harju**, Tapiola Data

## REGIONAL ADMINISTRATION
## HELSINKI METROPOLITAN AREA

**Petri Pouta**, regional director
**Leena Kuutti-Alanko**, director, services
**Timo Niemi**, area director, households
**Heikki Puhakainen**, account director
**Anneli Sarvamaa**, area director, offices
**Juha Seppälä**, account director

## SOUTHWEST FINLAND

**Hans Strandberg**, regional director
**Juha Anttila**, area director, offices
**Timo Jussila**, area director, urban households
**Kari Luoma**, area director, rural households
**Kristian Nygrén**, area director, companies

## CENTRALFINLAND

**Martti Silvennoinen**, regional director
**Jorma Eerilä**, area director
**Heikki Lindroth**, area director, households
**Seppo Ojala**, area director, universal
**Hanna Perttunen**, area director, offices
**Teemu Toivanen**, area director, companies

## OSTROBOTNIA

**Lassi Annala**, regional director
**Sinikka Alamylläri**, area director, offices
**Jukka Marttila**, area director, companies
**Antti Valkonen**, area director, households

## SOUTHEAST FINLAND

**Miika Minkkinen**, regional director
**Martti Mäkelä**, area director, companies
**Ilpo Rautio**, area director, rural households
**Petri Torvinen**, area director, urban households
**Leila Vilko**, area director, offices

## EAST FINLAND

**Päivi Ruokonen**, regionnal director
**Mirja Kukkonen**, area director, offices
**Esa Seppälä**, area director, companies
**Jari Vilmi**, area director, offices

## NORTH FINLAND

**Antti Iinatti**, regional director
**Leevi Ainasoja**, area director, households
**Harri Kynnös**, area director, companies
**Martti Lintunen**, area director, offices
**Olavi Sakko**, area director, universal

# Offices

3.4. 2000

Head office:
**Espoo** Revontulentie 7, (09) 4531,
Adress 02010 TAPIOLA
Internet: www.tapiola.fi

Offices:
**Alavus** Kuulantie 5
**Espoo–Leppävaara** Läkkisepänkuja 2
**Espoo–Tapiola** Revontulentie 7
**Espoo–Tapiola** Sokos Länsituulentie 12
**Forssa** Turuntie 2
**Hamina** Puistokatu 4
**Heinola** Savontie 9
**Helsinki–City** Kaisaniemenkatu 1
**Helsinki–Erottaja** Erottajankatu 19
**Helsinki–Itäkeskus** Turunlinnantie 8
**Helsinki–Kamppi** Runeberginkatu 5
**Helsinki–Malmi** Malmin kauppatie 18
**Helsinki–Töölö** Tukholmankatu 2
**Helsinki–Vallila** Mäkelänkatu 58–60
**Hyvinkää** Hämeenkatu 19
**Hämeenlinna** Palokunnankatu 16
**Iisalmi** Savonkatu 22
**Imatra** Lappeentie 16
**Joensuu** Rantakatu 23
**Jyväskylä** Vapaudenkatu 40
**Jämsä** Talvialantie 4
**Järvenpää** Järnefeltinkatu 2
**Kajaani** Kauppakatu 10
**Kankaanpää** Torikatu 7
**Kauhajoki** Topeeka 38
**Kemi** Valtakatu 19
**Kemijärvi** Kirkkokatu 3
**Kerava** Kauppakaari 13
**Kirkkonummi** Toritie 3
**Kitee** Kiteentie 4
**Kokkola** Isokatu 10
**Kotka** Kirkkokatu 4
**Kouvola** Kauppalankatu 14
**Kuhmo** Kainuuntie 88
**Kuopio** Suokatu 23
**Kuusamo** Kitkantie 3
**Lahti** Aleksanterinkatu 27
**Lappeenranta** Valtakatu 48
**Lapua** Asemakatu 14
**Lieksa** Moisionkatu 1
**Lohja** Kauppakatu 8
**Loimaa** Turuntie 22
**Mikkeli** Maaherrankatu 12
**Oulu** Kirkkokatu 9
**Pieksämäki** Keskuskatu 6–10
**Pori** Gallen-Kallelankatu 8
**Porvoo** Lundinkatu 9
**Pudasjärvi** Toritie 1
**Raahe** Sovionkatu 10
**Rauma** Eteläkatu 1
**Riihimäki** Hämeenkatu 25–27
**Rovaniemi** Rovakatu 27
**Salo** Turuntie 22
**Savonlinna** Olavinkatu 37
**Seinäjoki** Keskuskatu 13
**Suomussalmi** Kiannonkatu 3
**Tampere** Rautatienkatu 10
**Tornio** Hallituskatu 2
**Turku** Eerikinkatu 6 b
**Uusikaupunki** Rantakatu 15
**Vaasa** Kauppapuistikko 19–21
**Vammala** Puistokatu 3–5
**Vantaa–Myyrmäki** Liesikuja 7
**Vantaa–Tikkurila** Kielotie 7
**Varkaus** Kauppakatu 18
**Ylivieska** Torikatu 3
**Äänekoski** Torikatu 5

Local outlet
**Loviisa** Brandensteininkatu 11

# Service outlets

3.4. 2000

**Alajärvi**, Alajärven Kirjanpitopalvelu
Järvikatu 3
**Anjalankoski**, Anjalankosken laskenta
Tmi Sorakari, Päätie 19
**Espoo**, Tk-Biketeam Oy
Pieni teollisuuskatu 5
**Eura**, Yrityspalvelu Wiik Ky, Eurantie 18
**Haapavesi**, Haapaveden Toimistopalvelu Oy,
Vanhatie 59 A
**Hammaslahti**, Tmi HJP Vakuutuspalvelut,
Virastotie 1
**Hartola**, Päijätmaan Tili- ja Kiinteistö Ky,
Kirkkotie 7
**Ii**,Vakuutus- ja Metsäpalvelu Salmela
Laurintie 2
**Ikaalinen**, Studio Ikafoto Ky
Vanha Tampereent. 15-17
**Ilomantsi**, Myyntiedustus P Särkkä
Lehtotie 10
**Imatra**,Vuolukiviset Oy
Vuoksenniskantie 88
**Jalasjärvi**, Tmi Mika Ruutiainen
Keskustie 21
**Joutsa**, Joutsan Tili- ja yrityspalvelu Oy
Rantatie 19
**Joutseno**,Vakuutuspalvelu T Vormisto
Tuomo Vormisto, Saimaantie 7
**Juva**, Tili- ja isännöintitoimisto
Paula Vuorinen Ky, Kiiverintie 2
**Kalajoki**, Tili- ja Toimistopalvelu
Marja Hakola, Kalajoentie 34
**Kangasala**, Laki- ja veroasiat Jaakkola Ky
Tampereentie 1
**Kangasniemi**, Kangasniemen
Vaatetus-Kammari Makkonen Kari
Otto Mannisen tie 8
**Kannus**, Tilitoimisto LKT Oy
Valtakatu 1
**Karhula**, Karhulan Veikot Ry
Karhulantie 36
**Karstula**, Tähtitulos Oy
Keskustie
**Karvia**, Tili-Karvia Esko Luomanen
Kyläkarviantie 19
**Kauhava**, Kauhavan Tili- ja
Isännöintitoimisto Ky, Einarintie 2
**Kempele**, Lakeuden Vakuutus- ja
Turvalaitepalvelu Ay, Zeppeliinintie 1
**Keuruu**, Talopiste ja Notariaattipalvelu
Välimäki Ky, Keuruuntie 19
**Kittilä**, Kittilän Tilipalvelu Ky
Valtatie 41 A 10
**Kiuruvesi**, Tili Olas Salo Olavi
Asematie 13
**Kokemäk**i, Toimistopalvelu Teljä Ky
Tulkkilantie 31
**Kuhmoinen**, Tmi Satamapalvelut
Kuhmoinen Jami Liivenkorkee, Sahatie 9
**Kurikka**, Pohjanmaan Kiinteistöpörssi Oy
Laulajantie 10
**Kyröskoski**, Koski-Foto Ky
Valtakatu 57
**Laitila**, LKV Tili-Koskinen Ky
Katajamäentie 14
**Lammi**, Kiinteistötoimisto Eino Hakala Ky
Hämeentie 20
**Liperi**, Liperin Tilipalvelu Ay,
Linja-autoasema
**Leppävirta**, Autotarvike S. Suomalainen Ky
Petäiköntie 23
**Mäntsälä**, Mäntsälän Notariaatti Oy
Keskustie 4 A
**Mänttä**, KMV-Kotivinkki
Kauppakatu 2
**Mäntyharju**, Tmi Henkari R. Syväsalo
Liiketie 2
**Nastola**, Nastolan Kiinteistönotariaatti Oy LKV
Laturintie 1
**Nastola,** Vakuutuspalvelu Aarre Ahonen,
Rakokiventie 10 L 8

**Nilsiä**, Nilsiän Laskenta Oy
Nilsiäntie 79
**Nivala**, Merjan Vakuutus- ja
Toimistopalvelu, Kalliontie 18
**Nokia**, Kiinteistö ja Rakennus Mäkelä Oy
Välikatu 19
**Nummela**, Kiinteistönvälitys
Timo Helander Ky, LKV
Pisteenkaari 4
**Nurmes**, Tmi Olavi Svala
Kirkkokatu 25
**Oulainen**, Tmi Edustusliike Korkatti
Asemakatu 19
**Orimattila**, Vakuutuspalvelu Eeva Immonen
Erkontie 2
**Orivesi**, Oriveden Yritek Oy
Anttilantie 6
**Outokumpu**, Tiliapu-Kettunen
Kummunkatu 6
**Padasjoki**, Keinuhonka Oy
Keskustie 21
**Parikkala**, Parikkalan Tili ja Isännöinti Oy
Sahakuja 2 E 4
**Parkano**, Tili- ja Kiinteistömarkkinointi
Pitsinki ja Mäkiviinikka LKV Ky
Keskuskatu 2
**Pello**, Pellon Huonekaluliike Ky
Kenttätie 1
**Pielavesi**, Pielaveden Tilipalvelu Oy
Puistotie 26
**Polvijärvi**, Lakiasiaintoimisto Aki Pietarinen Oy
Polvijärventie 14
**Posio**, Posion Tilitoimisto Ky
Riihipolku 1
**Pyhäsalmi**, Pyhäjärven Tilitoimisto
Raija Leppäharju
Ollintie 11
**Ranua**, Toimistopalvelu Kortesalmi Ky
Kuusitie 1
**Ruukki**, Tmi Kalervo Koukkula
Siikasavontie 10
**Salla**, Tmi Heikki Tuhkala
Kuusamontie 17
**Siilinjärvi**, Markkinointi Heikkinen HT
Asematie 2
**Somero**, Tilikeskus Seija Ylitalo Ky
Joensuuntie15
**Sonkajärvi**, Savon RMs Oy
Rutakontie 36 A 9
**Sotkamo**, Sotkamon turvalaite
ja vakuutuspalvelu Ky
Kainuuntie 2G
**Suonenjoki**, Sisä-Savon Sähkö Oy
Herralantie 5 A
**Sysmä**, Sysmän Op-Kiinteistökeskus Oy
Sysmäntie 36
**Taavetti**, Isännöitsijätoimisto
Timo Hämäläinen, Metsätalo
**Taivalkoski**, Kuutaival Oy
Kauppatie 19-21
**Teuva**, Oy Gun Exin Finland LTD
Mikkiläntie 11
**Toholampi**, Toholammin Tilitoimisto
Osuuspankkitalo
**Utsjoki**, Utsjoen ATK-tilitoimisto Ky
Mäkelä
**Valkeakoski**, Tilitoimisto Koskitilit
Valtakatu 9-11
**Vilppula**, KMV-Kotivinkki Oy
Suokatu 4
**Vääksy**, Asikkalan Op-Kiinteistökeskus Oy
Rusthollintie 1
**Ylitornio**, Ylitornion Metsänhoitoyhdistys
Alkkulanraitti
**Ähtäri**, R Mäkelä RM-Matkat Ky
Otsolantie 4

# ACCOUNTING PRINCIPLES OF THE 1999 FINANCIAL STATEMENTS

***The financial statements of insurance companies are prepared in accordance with the Accounting Act, the Companies Act and the Insurance Companies Act, adhering to the decisions, directives and instructions issued by the supervising authority, the Ministry of Health and Social Affairs, before 29.12.1999.***

## VALUATION AND ALLOCATION OF INTANGIBLE ASSETS

**Other long-term expenditure** Basic building improvement expenses and IT systems planning expenses are recognised as other long-term expenditure. They are presented on the balance sheet at their acquisition cost after depreciation according to plan.

## VALUATION AND ALLOCATION OF INVESTMENTS

**Land and buildings and real estate shares and other variable-yield participations** Land and buildings are presented on the balance sheet at their acquisition cost after depreciation according to plan or, if lower, at market value.

Real estate shares as well as shares and other variable-yield participations are presented on the balance sheet at their acquisition cost or, if lower, at market value.

The values of land and buildings and real estate shares have been adjusted if their value at the end of the accounting period was permanently and essentially higher than their original acquisition cost. A corresponding revaluation item in respect of land and buildings or real estate shares regarded as investment assets has been included on the Profit and Loss Account since 1987. Revaluations made prior to that date were recorded in the non-distributable revaluation reserve on the balance sheet. The corresponding entry in respect of investments regarded as fixed assets is recorded in the non-distributable revaluation reserve on the balance sheet.

Writedowns made previously in respect of investments are cancelled up to the amount of the original acquisition cost if the current value rises to such an extent that it has an income effect.

**Shares and variable-yield participations** Shares and variable-yield participations are presented on the balance sheet at their acquisition cost or recorded by acquisition item at their likely realisable value. The results of sales of shares and variable-yield participations are calculated according to the FIFO principle.

**Debt securities** Debt securities are bonds and debentures and other financial market instruments. Debt securities are recorded on the balance sheet at acquisition cost. The difference between the nominal value and acquisition cost of a debt security is allocated according to the regulations of the Ministry of Social Affairs and Health as interest income or a deduction from interest income over the maturity of the debt security. A corresponding item is recorded as an increase or decrease in the acquisition cost of the debt security. Writedowns due to variation in the level of interest rates or some other reason are recorded in a non-life insurance company. Writedowns due to variation in the level of interest rates are not recorded in life and pension insurance companies. This new accounting practice is a consequence of the change in calculation principles. Writedowns due to other reasons are still recorded. Similarly, cancellations of writedowns are recorded if the current value of a debt security has subsequently risen above its remaining acquisition cost up to the amount of the original acquisition cost.

The acquisition cost is calculated according to the FIFO principle.

**Loans, deposits and deposits with ceding undertakings** Loans, deposits and deposits with ceding undertakings are recorded on the balance sheet at nominal value or permanently lower likely value.

### VALUATION OF RECEIVABLES

**Premium receivables** Premium receivables are presented on the balance sheet at no more than their likely realisable value. In the case of non-life and life insurance companies, likely credit losses are deducted from the nominal value of premium receivables.

### ITEMS DENOMINATED IN FOREIGN CURRENCIES

As far as liabilities and receivables are concerned, the acquisition cost of investments denominated in foreign currencies are converted into Finnish marks using the exchange rate quoted by the Bank of Finland on the accounting date. In the case of other investments, the exchange rates prevailing on the acquisition date are used.

Items denominated in currencies of EU member states participating in phase III of Economic and Monetary Union are converted into Finnish marks using fixed conversion ratios for national currency units of the euro area.

Exchange rate differences are allocated to the appropriate income and expense adjustment items. With regard to cash in hand and at bank and deposits, exchange rate differences as well as items that could not be directly allocated as an income or expense adjustment are recorded as exchange rate gains or losses on investments.

### DERIVATIVE CONTRACTS

Share derivatives are used mainly to operatively hedge against investment portfolio risks and, to a lesser extent, for the exploitation of incorrect pricing situations, for risk arbitrage operations and for the elimination of market influences on securities transactions.

Changes in the values of derivative contracts made for hedging purposes are taken into account so that the income effect of a change in the value of the protected item is neutralised.

Negative value changes of derivative contracts made for purposes other than hedging are recorded as investment expenses in accordance with the principle of cautiousness.

Premiums paid or received from option contracts are recorded as pre-paid expenses or deferred income. Forward rate agreements are presented on the balance sheet as external contingent liabilities.

### DEPRECIATION

The acquisition costs of buildings and their material components, equipment, intangible assets and long-term expenditure are written off as expenses by depreciation according to plan over their respective periods of usefulness or effect.

The depreciation charges are based on the following depreciation plan:

| | |
|---|---|
| **Intangible assets:** | |
| Basic repairs to premises | 10 years |
| Planning costs of IT systems | 5 years |
| **Buildings** | |
| Residential, office and hotel buildings | 40-50 years |
| Department store and shop buildings | 30-40 years |
| Industrial, warehousing and other buildings | 20-30 years |
| Material components of buildings (reducing balance) | 25% |
| **Equipment** | |
| Office equipment, fixtures and fittings, etc. 25% (reducing balance) | |

The effect of significant basic repairs to buildings on their economic lifetimes is assessed separately.

Depreciation in respect of activated revaluations has been charged according to the holding time of the item in question.

The accumulated difference of depreciation according to plan and total depreciation charged against income is recorded on the liabilities side of the Balance Sheet under the item “Provisions, accumulated depreciation difference”, and the increase or decrease in the depreciation difference during the accounting period is presented separately in the Profit and Loss Account.

## PROVISIONS

**Accumulated depreciation difference**
See "Depreciation" above.

**Optional reserves** Provisions made against income on the result have been made on the basis of accounting and tax legislation.

**Credit loss reserve** In the case of non-life and life insurance companies, the credit loss reserve may not exceed one per cent of the insurance company's non-premium receivables.

Tapiola Mutual Pension Insurance Company makes a transfer to the unallocated provision for additional benefits. For this reason credit loss provisions made before 1999 in respect of unpaid premiums are recorded as taxable income spread equally over the tax years 1999-2001. Not more than 0.6 per cent of non-premium receivables can be deducted from the result during the accounting period, so that the combined total of credit loss reserves made during and before the accounting period do not exceed 5 per cent of the total amount of receivables.

## DIRECT TAXES

Direct taxes are presented on the Profit and Loss Account on an accruals basis.

## CURRENT VALUES OF INVESTMENTS

**Investments in land and buildings** The current values of investments are determined by the company's experts in the manner specified for individual classes of real estate by the Ministry of Social Affairs and Health, taking account of the income obtained from the real estate and other factors influencing the current value.

**Investments in shares and debt securities** In the case of investments that are quoted on an official stock exchange or otherwise publicly traded, the last available striking price, or, in its absence, the buying price, during official trading on the accounting date is used as the current value. For other investments, the current value is based on net worth, book value or likely realisable selling price.

**Loans, deposits, and deposits with ceding undertakings** For loans, deposits, and deposits with ceding undertakings, the nominal value is used as the current value. Reduction of the nominal value required by the risk of a credit loss is taken into account when assessing the likely realisable value.

## STAFF PENSION COVER AND ALLOCATION OF PENSION EXPENSES

The statutory pension cover of the staff is arranged by means of statutory TEL pension insurance with Tapiola Pension and additional TEL pension cover mainly with Tapiola Pension and to a lesser extent with Tapiola Corporate Life.

Pension insurance premiums have been entered as expenses on an accruals basis.

## TAPIOLA MUTUAL LIFE ASSURANCE COMPANY PRINCIPLES OF ZILLMERIZATION

**Individual life insurance** In fixed-premium individual life insurances, activated acquisition costs are deducted from the provision for unearned premiums over the first ten years of the insurance. The deduction for the first insurance year is 25 per cent of the sum of the insurances' annual premiums in corporate insurances, and the sum of the insurances' gross annual premiums in other insurances. In subsequent years the magnitude of the deduction falls by the same amount each year. The deduction is calculated on the basis of the insurances in force at the end of the accounting year.

Zillmerization is not applied to home-savings insurance, teenagers' comprehensive insurance, the savings insurance appended to teenagers' comprehensive insurance granted after 31.12.1991.

Zillmerization is not applied to flexible-premium individual life insurance.

**Individual pension insurance** In fixed-premium individual pension insurance, zillmerization is calculated as in fixed-premium life insurances. Fifty per cent of the sum of the insurances' gross annual premiums are used as the basis for zillmerization.

In flexible-premium individual pension insurances, the provision for unearned premiums is reduced by activated acquisition costs over the first five insurance years, but in any event not longer than the insurance's term of payment. In the first insurance year the magnitude of the deduction is 25 per cent of the insurance's gross annual premium if the insurance began before 1.1.1996. If the insurance began in 1996, the deduction in the first insurance year is 20 per cent of the insurance's gross annual premium. If the insurance began after 1.1.1997, the deduction in the first insurance year is 10 per cent of the insurance's gross annual premium. In subsequent years the magnitude of the deduction falls by the same amount each year. The deduction is calculated on the basis of the insurances in force at the end of the accounting year.

**Group life insurance** Zillmerization is not applied.

## TECHNICAL INTEREST RATE FOR THE TECHNICAL PROVISIONS

When calculating the technical provisions a technical interest rate of 4.5 per cent has been applied to insurances issued before 1.1.1999, with the following exceptions:

- a technical interest rate of 6 per cent is applied when calculating the special provision for disability pension insurance associated with individual life insurance.
- a technical interest rate is not applied when calculating the supplementary reserve of the provision for unearned premiums arising due to amendment of the terms and conditions of individual life insurance.
- a technical interest rate is not applied when calculating additional sum and premium discount reserves of the provision for unearned premiums of individual life insurance.
- a technical interest rate is not applied when calculating reserves for future additional benefits reserves of the provision for unearned premiums of individual life and pension insurance.
- a technical interest rate of 3.5 per cent is applied in the case of insurances issued on or after 1.1.1999.

## TAPIOLA LIFE'S POLICYHOLDER BONUS POLICY AND SOLVENCY TARGETS

In a mutual life insurance company, funds that increase the company's solvency are accumulated entirely for the benefit of the policyholders, since they are the owners of the company.

### SOLVENCY TARGET

Tapiola Life strives for the kind of quantitative and qualitative solvency that will enable it to pay a competitive and steady yield over the long term on the insurance savings of policyholders.

The solvency target is defined on the basis of the solvency limits set by the supervising authority, the nature of the company's insurance portfolio, longer-term investment risks, and other means available to strengthen the company's solvency. The target level of solvency guarantees with adequate certainty that Tapiola Life will remain within the solvency limits necessary for a free policyholder bonus policy, i.e. it will allow Tapiola Life to set the level of its policyholder bonuses freely for several years hence.

### BONUS POLICY

The company's surplus is used mainly for policyholder bonuses and to bolster solvency, with only a minimal sum being distributed in the form of profits. When determining the level of policyholder bonuses, the aim is to ensure that policyholders receive a steady and realistic return on their insurance savings.

The distribution of policyholder bonuses among the different types of insurance is based on duration and nature of the insurances, the surplus generated by the insurances, and the nature and conditionality of the bonuses to be awarded.

### TAPIOLA CORPORATE LIFE INSURANCE COMPANY PRINCIPLES OF ZILLMERIZATION

In flexible-premium individual pension insurances, the provision for unearned premiums is reduced by zillmerization over the first five insurance years, but in any event not longer than the insurance's term of payment. In the first insurance year the magnitude of the deduction is 20 per cent of the insurance's gross annual premium. In subsequent years the magnitude of the deduction falls by the same amount each year. The deduction is calculated on the basis of the insurances that began before 1.1.1997 and remain in force at the end of the accounting year.

Zillmerization is not applied to group life insurances, optional group pension insurances and capitalisation agreements.

**TECHNICAL INTEREST RATE FOR THE TECHNICAL PROVISIONS** A technical interest rate of 4.20 per cent is used for benefits funded before 31.12.1998 and a technical interest rate of 3.5 per cent is used for 1.1.1999 or later funded benefits when calculating the technical provisions of optional group pension insurance.

A technical interest rate of 4.5 per cent is used for insurance granted before 1.1.1999 and for insurances granted 1.1.1999 or later a technical interest rate of 3.5 per cent is used when calculating the technical provisions of other insurance classes (individual pension insurance, individual life insurance, group life insurance and capitalisation agreements).

A technical interest rate of 4.5 per cent is used for agreements commencing before 1.2.1998 and and for agreements commencing 1.2.1998 or later a technical interest rate of 3.5 per cent is used when calculating the technical provisions of capitalization agreements.

### TAPIOLA CORPORATE LIFE'S POLICYHOLDER BONUS POLICY AND SOLVENCY TARGETS

In a mutual life insurance company, funds that increase the company's solvency are accumulated entirely for the benefit of the policyholders, since they are the owners of the company.

**SOLVENCY TARGET** Tapiola Corporate Life strives for the kind of quantitative and qualitative solvency that will enable it to pay a competitive and steady yield over the long term on the insurance savings of policyholders.

The solvency target is defined on the basis of the solvency limits set by the supervising authority, the nature of the company's insurance portfolio, longer-term investment risks, and other means available to strengthen the company's solvency. The target level of solvency guarantees with adequate certainty that Tapiola Corporate Life will remain within the solvency limits necessary for a free policyholder bonus policy, i.e. it will allow Tapiola Corporate Life to set the level of its policyholder bonuses freely for several years hence.

### BONUS POLICY

The company's surplus is used mainly for policyholder bonuses and to bolster solvency, with only a minimal sum being distributed in the form of profits. When determining the level of policyholder bonuses, the aim is to ensure that policyholders receive a steady and realistic return on their insurance savings.

Policyholder bonuses are distributed fairly among the different types of insurance. The factors taken into consideration are the duration and nature of the insurances, the surplus generated by the insurances, and the nature and conditionality of the bonuses to be awarded.

### TAPIOLA GENERAL MUTUAL INSURANCE COMPANY

### Deduction items of the technical provisions, and the discounting used in calculating the provision for outstanding claims.

**Provision for unearned premiums** The activated insurance policy acquisition costs have not been deducted from the provision for unearned premiums, neither does it contain supplementary items of the provision for unexpired risks.

**Provision for outstanding claims** In 1999 the provision for outstanding claims was reduced by FIM 6,905,898.00 in respect of undisputed recourse receivables. The corresponding deduction in the previous year was FIM 8,097,096.00.

Discounting is applied only when calculating the provision for outstanding pension claims.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Insurance Companies Act, the consolidated financial statements include joint stock and other comparable companies in which the parent company directly or indirectly holds more than half of the voting rights. The companies and structure of the group are described in the annual report.

The consolidated financial statements are compounded from the profit and loss accounts, balance sheets and notes to the financial statements of the parent company and its subsidiaries. Intra-group receivables and debts, income and expenses, profit distribution, and internal capital gains/losses have been eliminated from the consolidated financial statements. The minority interests in the capital and reserves and in the result are presented separately in the Balance Sheet and in the Profit and Loss Account.

Subsidiaries acquired or divested during the financial year are incorporated into or eliminated from the group from the time of their acquisition or divestment. Associated companies, i.e. companies in which the group owns 20-50% of the conferred voting rights, are included in the consolidated financial statements. An exception to this rule is Turva Mutual Insurance Company since it is a mutual company. Housing and real estate companies are not treated as associated companies.

In non-life and life insurance groups the change in optional provisions and depreciation difference is allocated to the change in deferred tax liability and to the result. The corresponding balance sheet items are allocated to the deferred tax liability and to capital and reserves, taking account of minority interests. According to the Insurance Companies Act, the part allocated to capital and reserves is not distributable. In pension insurance companies the tax liability calculated in respect of optional provisions and depreciation difference is presented in the notes to the balance sheet.

Intra-group ownership has been eliminated using the past equity method. The financial statements of associated companies are consolidated by the equity method.

Revaluations of shares in housing and real estate companies are treated as revaluations of real estate belonging to group subsidiaries.

The goodwill arising in connection with the elimination is generally allocated to the subsidiary's appropriate asset items, taking account of the items' current values, and the goodwill is depreciated according to plan like the corresponding item. Unallocated consolidated goodwill is presented on the balance sheet under intangible assets as a separate item, and it is written off according to plan over five years. Goodwill is presented on the liabilities side of the balance sheet as a separate item and it is entered as income over five years.

Intra-group direct insurance has not been eliminated. However, in the consolidated financial statements of Tapiola General Mutual Insurance Company, intra-group reinsurance, with the exception of the equalisation provision, has been eliminated.

# FORMULAE FOR CALCULATION OF FINANCIAL INDICATORS

**Turnover, non-life insurance**
+ gross premiums earned before credit losses and reinsurers' share
+ investment income
+ other income
+ revaluations activated as income in connection with asset disposal

**Turnover, life and pension insurance**
+ gross premiums written before credit losses and reinsurers' share
+ investment income, revaluations and their adjustments
+ other income

**Operating profit or loss, non-life insurance**
+/–profit or loss before change in the equalisation provision, revaluations of investments and their adjustments, extraordinary items, appropriations and taxes

**Operating profit, life insurance**
+/– profit or loss before change in the equalisation provision, additional benefits (policyholder benefits), extraordinary ite ms, appropriations and taxes

**Return on equity (at current values)**
+ profit or loss before extraordinary items, appropriations and taxes
+/–revaluations/cancellations entered in the revaluation reserve
+/–change in investment valuation differences
– taxes
+/–change in the deferred tax liability

——————————————————— x 100

capital and reserves
+ minority interest
+ accumulated depreciation difference
+ optional reserves
+/–investment valuation differences
– deferred tax liability
(average of beginning and end of year)

**Return on assets (at current values)**
+/–operating profit or loss
+ expenses and interest on liabilities
+ technical interest on the technical provisions
+/–revaluations of investments and their adjustments (non-life insurance)
+/–revaluations/cancellations entered in the revaluation reserve
+/–change in investment valuation differences

——————————————————— x 100

+ balance sheet total
+/–investment valuation differences

**Equity to assets ratio (at current values)**
+ capital and reserves
+ minority interest
+ accumulated depreciation difference
+ optional reserves
+/–investment valuation differences
+ subordinated liabilities
– deferred tax liability

——————————————————— x 100

+ balance sheet total
+/–investment valuation differences

## Indicators describing the financial development of underwriting

**Gross premiums written, non-life, life and pension insurance premiums written before reinsurers' share and credit losses**

**Loss ratio (%), non-life insurance**
claims incurred

——————————————————— x 100

premiums earned

**Net expense ratio (%), non-life insurance**
operating expenses
———————————————— x 100
premiums earned

**Combined ratio (%), non-life insurance**
**loss ratio + net expense ratio**

**Gross expense ratio (%), life insurance**
+ operating expenses before change in the activated insurance policy acquisition costs
+ claims settlement expenses
———————————————— x 100
loading income
The loading income is an item intended to cover operating expenses in accordance with technical rules, and operating expenses do not include reinsurance fees

**Administrative cost ratio (%),**
**pension insurance** operating expenses
(= operating expenses + claims management expenses + other expenses)
———————————————— x 100
loading income + other income

**Administrative costs in relation to premiums written operating expenses**
(= operating expenses + claims management expenses + other expenses)
———————————————— x 100
premiums written

**Solvency margin in the monetary unit of the financial statements, non-life, life and pension insurance**
+ capital and reserves after deduction of the proposed dividend distribution
+ accumulated depreciation difference
+ optional reserves
+ deferred tax liability (group)
+/–investment valuation differences
+ unallocated provision for additional benefits (pension insurance)
+ subordinated liabilities (by permission of the insurance supervisory authorities)
– intangible assets
+/–other statutory items

**Solvency capital in the monetary unit of the financial statements, non-life and life insurance**
solvency margin + equalisation provision + minority interest

**Solvency capital as a percentage of technical provisions, non-life insurance**
solvency capital (= solvency margin + equalisation provision + minority interest)
———————————————— x 100
+ technical provisions
– equalisation provision

**Solvency capital as a percentage of technical provisions (at current values), life insurance**
solvency capital (= solvency margin + equalisation provision + minority interest)
———————————————— x 100
+ technical provisions
– equalisation provision
– 75% of investment-linked technical provisions

**Risk-carrying capacity (%), non-life insurance**
solvency capital
———————————————— x 100
premiums earned for 12 months

**Solvency capital as a percentage of technical provisions, life insurance**
solvency capital
———————————————— x 100
+ technical provisions
– equalisation provision
– 75% of investment-linked technical provisions

# Reader's guide

***The insurance companies have developed a uniform set of financial indicators derived from the financial statements. The concepts used in the annual report are presented and defined in this Reader's Guide.***

In the case of the most important ratios, their formulae are also given.

An asterisk (*) means that the term can be found as a headword.

The **valuation difference** is the difference between an asset's current value and its book value.

The **policyholder bonus** is the interest that is paid annually on insurance savings in addition to the technical interest*. The level of the policyholder bonus depends on the result achieved by the company. The benefit of the bonus for a personal insurance policyholder is that the value of insurance cover is at least preserved.

**Direct insurance** means insurance business received directly from Tapiola's customers. Insurance business received from another insurance company is assumed reinsurance business*. Ceded reinsurance is insurance business passed on by Tapiola to another insurance company.

The **administrative cost result** for an employment pension company is the difference between the operating expenses and the loading income* included in the premium. Here investment management expenses and the costs arising from the settlement of claims are counted as operating expenses.

The **reinsurers' share** means the reinsurance cover that Tapiola purchases from other insurance companies for the risks it does not wish to insure itself. The net expenses or income resulting from this ceded reinsurance business as well as its composition are shown in the Profit and Loss Account. The reinsurers' share of the provision for outstanding claims* and the provision for unearned premiums* arise from ceded reinsurance business.

**Reinsurance commissions** are included in operating expenses (the net figure of commissions received and paid on assumed and ceded business).

The **breakdown of assets in the technical provisions margin** is a classification of investments at current values in the technical provisions margin as specified in the regulations of the supervising authorities.

**Total operating expenses** is a concept used in employment pension companies. They are expressed in proportion to the loading income* and premiums written*.

The **return on assets (ROA)** is reported for both non-life and life insurance companies. It is 100 x (the operating profit or loss + expenses and interest on liabilities + technical interest on the technical provisions +/– revaluations of investments and their adjustments (only in the case of non-life insurance) +/– revaluations/cancellations entered in the revaluation reserve +/– the change in investment valuation differences) / (the balance sheet total +/–the investment valuation differences). The balance sheet total and the investment valuation differences (in the denominator of the formula) are calculated as the average of the values at the beginning and end of the year.

**Gross premiums written** is the total of premiums received before the reinsurers' share and the deduction of credit losses.

The **interest business result** is the difference between the interest requirement for the technical provisions and net investment income according to the financial statements of a life insurance company.

**Claims (claims paid)** is made up of claims paid during the accounting period, irrespective of the year in which the loss occurred. Operating expenses incurred in claims settlement activities are also included in the claims paid figure.

The difference between **claims incurred** and claims paid* is that claims arising from insured events occurring in the accounting period but payable later are also included in claims incurred. Claims paid are augmented by the change in the provision for outstanding claims*, which also includes the change in the equalisation provision*. Formula: Claims paid + the provision for outstanding claims at the end of the year - the provision for outstanding claims at the beginning of the year.

The **provision for outstanding claims** consists of the claims which the insurance company will have to pay after the end of the accounting period in respect of losses and other insured events occurring during the accounting period and in preceding years. The provision for outstanding claims thus represents the company's debt to policyholders and beneficiaries. The provision for outstanding claims also includes an equalisation provision* to provide for years in which the company may incur exceptionally heavy claims. It is calculated in accordance with principles laid down by the Ministry of Social Affairs and Health.

The **change in the provision for outstanding claims** is an item included in the Profit and Loss Account and represents the difference between the provision for outstanding claims at the beginning and end of the year. Claims paid adjusted for the change in the provision for outstanding claims indicate the real claims incurred* for the accounting period.

The **loading income** appears as a concept in, for instance, the calculation of the gross expense ratio for life and pension insurance companies. This income is derived from a loading component added to the insurance premium for the purposes of covering the costs pertaining to the accounting period. The gross expense ratio is obtained by comparing actual operating expenses to the corresponding loading income.

The **administrative cost surplus** for a life insurance company is the difference between the actual operating expenses and the loading income*. Here the operating expenses include costs arising from the claims settlement activities and recorded as claims incurred, whereas investment management expenses are not included. The allocation of operating expenses by means of zillmerization* is taken into account when calculating the loading income.

**Statutory charges** of a pension insurance company consist of the company's contribution towards the costs of the Central Pension Security Institute.

The **deferred tax liability** (average of the tax liability at the beginning and the end of the year). This item consists of taxes and tax refunds either allocated to the accounting period on an accruals basis or pertaining to previous accounting periods, with the exception of taxes included in extraordinary items. On the accounting date the deferred tax liability is deducted in accordance with the prevailing tax rate from the accumulated depreciation difference, from optional reserves, and, to the extent that it is likely to be realised in the near future, from untaxed revaluations and investment valuation differences. When assessing likelihood, the expectations of the next three years are particularly significant. No tax liability is incurred if it is intended that the valuation differences are to be realised only to the extent that expenses are covered.

The **technical interest** is the minimum interest that the company must pay on insurance savings. Interest is annually credited to the technical provisions in accordance with the approved basis of calculation. In addition to the technical interest, additional interest, i.e. the policyholder bonus*, is also credited to the technical provisions.

**Net operating expenses** include insurance policy acquisition costs, insurance policy management expenses, and general administrative expenses. Reinsurance commissions (the net figure of commissions received and paid on assumed and ceded business) are included in operating expenses. Expenses related to claims settlement and investment management activities are allocated to claims incurred and investment charges, respectively.

The **net expense ratio** is the ratio of net operating expenses to net premiums earned*. The ratio is calculated after the deduction of credit losses and the reinsurers' shares.

The **gross expense ratio** is a measure of the efficiency of a life insurance company. The gross expense ratio is 100 x (gross operating expenses + claims settlement expenses) / loading income*. Gross operating expenses include costs arising from claims settlement activities, whereas investment management expenses are not included here. The allocation of operating expenses by means of zillmerization* is not taken into account. In the case of a pension insurance company, operating expenses are proportioned to the loading income and premiums written.

The **turnover** of a non-life insurance company means gross premiums earned before credit losses* and reinsurers' share + investment income + revaluations activated in connection with asset disposal. Investment income does not include activated revaluations if the asset in question has not been sold. Premiums written are used instead of premiums earned when calculating the turnover of a life and employment pension insurance company. In the turnover of life insurance companies there is no need to activate revaluations as income through sales; they are always just added in.

The **operating profit** or loss is an intermediate result describing the unequalled annual business performance. It is calculated before the change in the equalisation provision* and revaluations* of investments, so fluctuations in claims incurred* and investment income as well as immediate changers in the technical provision are reflected in the profit/loss figures.

**Provision for additional benefits (unallocated)** is a fund into which the accumulated surpluses of a employment pension company are collected. Part of the accumulated surplus is transferred to the allocated provision for additional benefits, from where the funds are returned to the policyholders in the form of premium discounts.

The **credit losses** incurred by an insurance company mainly arise from unpaid premiums, see premiums written*. On the lending side of the business, credit losses are minimal because loans are reliably secured.

**Credit loss reserves** are made in case of credit losses on premiums and on other business receivables. The maximum amounts of the reserves and thus the possibilities of increasing their size depend on the business of the insurance company and the nature of the receivables concerned.

The **market share** is the percentage share of one company in the combined premiums written by all the companies operating on the market. In the case of life insurance companies, the market share is an official ratio. Its standard formula is 100 x the company's gross premiums written / the sum of all the life insurance companies' gross premiums written. This ratio is calculated solely for direct insurance business.

**Net** figures, e.g. net premiums written, relate to that part of direct insurance* and assumed reinsurance business* remaining with the company for coverage by the same after the reinsurers' share* has been deducted.

The **return on equity** (at current values) is (the profit or loss before extraordinary items, appropriations and taxes +/– revaluations/cancellations entered in the revaluation reserve +/– the change in investment valuation differences* – taxes +/– the change in the deferred tax liability) per (capital and reserves + minority interest + accumulated depreciation difference + optional reserves +/– investment valuation differences – deferred tax liability*) x 100 %. The ratio is a measure of an insurance company's financial performance.

The **equity to assets ratio** (at current values) is capital and reserves + minority interest + accumulated depreciation difference + optional reserves + investment valuation differences + subordinated liabilities – deferred tax liability* in relation to the balance sheet total plus investment valuation differences*. The ratio is a measure of an insurance company's financial performance.

The **underwriting result** is the difference between claims incurred* and premiums applying to the current accounting period and intended to cover life insurance and pension insurance risks. The technical interest rate* for the provision for outstanding claims is taken into consideration as a factor reducing claims incurred.

The **result of the red business** is the estimated premiums written for statutory pension insurance to be transferred to Tapiola Pension from other pension insurance companies at the beginning of the following year, less the premiums written for insurance business to be transferred from Tapiola Pension to other pension insurance companies.

**Transferred charges** are charges which are collected from policyholders in their premiums and which the insurance company credits forward to the authorities. The transferred charges include premium tax, fire brigade charges, traffic safety payments, industrial safety charges, and payments under Sec. 58 of the Employment Accidents Insurance Act.

**Transitional reserve**

In the years 1993-1997 a transitional reserve could be established to take the place of writedowns on investments and the credit loss reserve abolished in the reform of the Business Taxation Act. The reserve must be discharged at the latest by the closing of the 1997 accounts.

**Breakdown of investment assets** includes the following investment categories at current values: investments in land and buildings, shares, bonds and debentures, debt securities, loans, and other investments. In the case of pension insurance companies, loans are further divided into loans from the pension funds and other lending.

**Net investment income** means the difference between the income and expenses of investment operations. Those operating expenses attributable to the management of investments are included in investment charges.

The **investment surplus** of a pension insurance company is the difference between the interest requirement for the technical provisions and the net investment income as reported in the closing of the accounts. Investment management expenses are not taken into account here because they are included in the administrative cost result*. The taxes pertaining to investments are included here. See interest business result*.

**Surrenders** are refunds paid to policyholders who have cancelled their life insurance policies. These payments consist of the savings portions included in the premiums paid by the policyholders. Surrenders are included in the Profit and Loss Account under claims paid.

The **equalisation provision** is a non-distributable reserve that acts as a buffer against years in which claims are particularly heavy. It is an item of the technical provisions necessitated by the security requirement. It is also intended to ensure the sufficiency of the technical provisions when there are unfavourable fluctuations in factors exercising a significant effect on the technical provisions. The supervising authorities lay down calculation rules and set a minimum requirement on the equalisation provision on a company-by-company basis.

The **solvency margin** is the difference between assets and liabilities at current values. It describes a company's solvency and the amount of assets that a company has at its disposal to ensure the continuity of its operations.

The **extended solvency margin** is the solvency margin of a life insurance company plus items that can be used to ensure the continuity of the company's operations if the situation so requires.

The **solvency margin ratio** describes the relationship between a life insurance company's solvency margin and the minimum amount prescribed for it by law. The solvency margin ratio is 100 x the solvency margin / the minimum solvency margin.

The **loss ratio** means the ratio of claims incurred to premiums earned*. The ratio is calculated after deduction of credit losses and the reinsurers' share. The claims incurred figure includes the operating expenses attributable to claims settlement activities, but not the change in the equalisation provision.

The **solvency ratio** is, in the case of a pension insurance company, 100 x the solvency margin / the technical provisions less the unallocated provision for additional benefits*, uncovered liabilities, receivables from the Eläke-Kansa portfolio transfer, and technical provisions* for the YEL basic insurance. In this case the equalisation provision is also counted in the technical provisions. In the case of a life insurance company, the solvency ratio describes a company's net worth in relation to its adjusted technical provisions less the equalisation provision. Solvency ratio: 100 + 100 x solvency capital / (technical provisions, net - the equalisation provision).

**Solvency capital** is the combined total of the solvency margin and the equalisation provision. The minority interest is also added in the case of a group.

**Premiums written** (cf. Gross premiums written) are payments received in consideration of insurance cover that began during the course of the accounting period. Credit losses* are already deducted from the premiums written figure (which is not the case for gross premiums written).

**Premiums earned** are net premiums written* less the change in the provision for unearned premiums*. Formula: premiums earned = net premiums written + the provision for unearned premiums at the beginning of the year - the provision for unearned premiums at the end of the year.

The **provision for unearned premiums** is that portion of premiums written that are accrued during the accounting period and preceding years, the corresponding risks of which pertain to the period after the end of the accounting period in question. The provision for unearned premiums is the company's debt to the policyholders.

The **change in the provision for unearned premiums** is shown on the Profit and Loss Account. It is the difference between the provision for unearned premiums at the beginning and the end of the year. See provision for outstanding claims*.

The **technical provisions** consist of the provision for unearned premiums* and the provision for outstanding claims*.

The **technical underwriting result** is, in the case of non-life insurance company, the balance on the technical account calculated before the change in the equalisation provision: premiums earned* - claims incurred* and net operating expenses*.

The **risk-carrying capacity** of a non-life insurance company is the ratio of the solvency capital* to premiums earned over the past twelve months after deduction of credit losses and the reinsurers' share.

**Uncovered liabilities** arise from exceptional reductions in the level of TEL premium. Uncovered liabilities are reclaimed annually as a component of the TEL premium.

The **interest requirement for the technical provisions** is the minimum interest payable on the technical provisions, i.e. the provision for unearned premiums and the provision for outstanding claims.

The **profit or loss before extraordinary items, appropriations and taxes** describes the financial performance of an insurance company and is proportionally indicative of the company's turnover*.

The **minimum solvency margin** describes the legally prescribed amount by which a company's assets must exceed its liabilities. If a company does not meet this requirement, it cannot continue to operate without special supervisory controls.

**Zillmerization** means the allocation of the operating expenses of a life insurance company over a number of years. In the Appendices to the Balance Sheet, Zillmerization appears as non-amortised sales expenses deducted from the provision for unearned premiums*.

The **combined ratio** is the loss ratio* + the net expense ratio. The combined ratio describes the actual underwriting performance of a non-life insurance company.

**Avoir fiscal tax credit** is a tax credit in favour of a dividend recipient to the extent that the company paying the dividend has already paid tax when distributing the dividend. The income of the dividend recipient then comprises the combined amount of the dividend received and the avoir fiscal tax credit.

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